

# Annual Report 2017/18



matzikama

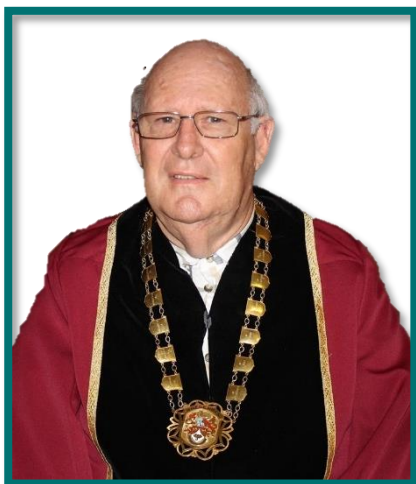


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## CHAPTER 1

## COMPONENT A: MAYOR'S FOREWORD



In compliance with Section 127 of the Municipal Financial Management Act No.56 of 2003 and as an expression of commitment to public participation, service delivery, clean accountable government, Council presents this annual report to its stakeholders because when we work together, we can do so much more.




In 1994 a constitutionally based national democratic and developmental state was ushered with three spheres of government (legislative, executive and judiciary) and three tiers of government (national, provincial and local). Government was given a further mandate to give detailed arrangements for an accountable, service delivering, participative, developmental local government.

The outcome was the Municipal Systems Act, Municipal Structures Act and the MFMA which provide the practical possibility of maximum participation through ward committees, Council and other mechanisms, service delivery through the implementation of the IDP and SDBIPs. Furthermore, the clean accountable government that received independent audits from the Auditor General and the annual report that is debated by Council and stakeholders.

All South Africans agree that the story of heroic struggle will show its full worth in the improvement of the quality of life of the poorest of the poor, one tap at a time, one road at a time, one food garden at a time, one school, one clinic, one kilowatt of electricity at a time, one business opportunity, job or grant at a time. This service delivery is the municipalities of which Matzikama is a local Municipality of the West Coast District Municipality.

Working together so that we can achieve more in the following areas: -

-  Local Economic Development—job creation
-  Financial viability
-  Planning and infrastructure
-  Youth development

-  Institutional transformation
-  Good governance and public participation
-  Tourism

These have since become priorities of the entire Council and Municipality. As a law governed society, it was required that the budget be adopted by the Council which was duly done in terms of Section 160 of the Constitution. It is also a feature of law governed municipalities that in addition to adopting the budget, Council approve expenditures above certain threshold and retains any functions and powers that it has not delegated. A good understanding of this would eliminate many challenges.

Throughout the financial year, councillors, municipal officials, municipal stakeholders and communities in general have been seized with the complex task of rolling out the service delivery plan and conducting ongoing reviews. In-year monitoring of quarterly progress against targets have been happening. Matzikama has enjoyed high level visits and have sometimes leveraged these and at other times have lost opportunities. In all the work of the financial year under review we were guided by policies, IDP, the bylaws, the laws and resources which fuel the activities of the Municipality.

In terms of the MFMA council after considering the attached report and the reports of the independent auditors, presents the annual report for the financial year 2017/18 to its stakeholders as an act of accountability, compliance and of inviting you further to journey with us in delivering service ensuring public participation and a clean caring government.

I want to express a sincere word of exceptional gratitude to all councillors, management, officials, citizens and all stakeholders for their hard work and positive contributions. The accomplishment of 100% expenditure of the Municipal Infrastructure Grant (MIG) and National Grant Funding is exceptional and bears witness the commitment of the Municipality to deliver services.

Matzikama Municipality takes pride in serving the community of Matzikama and all council decisions were taken in the best interest of the community. It is our responsibility as politicians to ensure that our Municipality does indeed perform to the best of its ability in addressing the backlogs of all services. We will do this because this is a mandate as enshrined in our Constitution. We are compelled to do this irrespective of the limited resources at our disposal.

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The municipal area also fell victim to the worst drought in a long time which led to a necessary increase in water tariffs as a control measure to curb any water wastage.

We would like to extend our appreciation to citizens for their contribution in conserving our natural resources and encourage everyone to use water more sparingly.

I therefore present the 2017/18 annual report of Matzikama Municipality to the community of Matzikama and all its stakeholders.

**Councillor HJ Van Der Hoven**

**Executive Mayor of Matzikama Local Municipality**

DRAFT

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1 MUNICIPAL MANAGER'S OVERVIEW



#### Introduction:

The annual report for the 2017/18 financial year covers the period 1 July 2017 to 30 June 2018. The financial year saw a significant change to the organisational structure of the administration, where the traditional five department structure was transformed to a more streamlined four department structure.

#### Organisational Structure:

All five strategic managerial positions were successfully filled in respect of the new organizational structure, which resulted in a significant change in the stability of the management of the municipality.

The macro structure of the administration of the municipality was established as follows:

- Office of the Municipal Manager Mr D Lubbe
- Department of Financial Services Mr G Seas
- Department Infrastructure Services Mr R Basson
- Department Corporate Services Mr W Conradie
- Department Community Development Services Mr L Phillips

#### Challenges:

The Matzikama Municipality faced its biggest challenge in respect of a natural disaster during this financial year. Never in the history of this region has a drought been experienced so severely and intensively as during the 2017/18 financial year. Even though, the climate changes and resulting drought conditions were not unique to Matzikama Municipality and severe drought conditions prevailed throughout the Western Cape Province, the Matzikama Municipal Servicing area together with those of Beaufort West, Drakenstein and

Cape Town itself were more severely affected. The non-existence of a primary water source within the boundaries of Matzikama, further exacerbated the drought situation. The Matzikama Municipality's main water source, the Clanwilliam Dam is, situated in the neighbouring Cederberg Municipality, water level dropped to its lowest point of 4.5% during April 2018, resulting in the Matzikama Municipality facing a scenario of having taps running dry at a projected date of 31 May 2018.

The financial year saw all available municipal resources focusing on applying for drought relief financial assistance at national and provincial level, the declaration of the Matzikama Municipal Area as a drought stricken disaster area, the utilization of all available funding towards the drilling of boreholes adjacent to all our towns to break the dependency on the canal system from the Clanwilliam Dam which was running dry and the running of an efficient and aggressive water loss reduction programme.

In addition to the aforesaid, the Municipality also instituted level 5 water restrictions with stringent penalty tariffs, as well as an extensive awareness campaign to conscientize consumers, residents, visitors to the municipal area and the community at large on the importance of saving this critical resource.

The severe drought had a huge adverse effect on the budget of the Matzikama Municipality. Not only did we have to reprioritize and pool all our resources towards sustainable water supply projects and relief measures, but also as a result of our consumers positively reacting towards our pleas to save water and to remain within the restricted volumes allowed per household. Such resulted in a significant decrease in our income related to water sales income for the financial year.

The economy of the Matzikama municipal servicing area also suffered tremendously due to the prolonged drought. Agriculture, the primary sector, makes up approximately 76% of the local economy, and with this sector suffering so tremendously, it adversely affects all other sectors, secondary and tertiary. At best, for the 2017/18 financial year, the agricultural sector only had production figures of some 12% of the previous year's production figures. The principle "when the local economy suffers, the Municipality suffers" is most true in the case of the Matzikama Municipality as some 80% of the annual budget income is generated from the local economy, and with the drastic decrease in economic activity it contributed towards a decrease in our annual income.

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We were abundantly blessed during May 2018, since and the Clanwilliam Dam levels rose to a previous unknown level of more than 100% in a relatively short period of time, due to a period of constant rain. This occurrence, as well as the final approval and transfer of National and Provincial Disaster Grant Funding to the Matzikama Municipality, timeously placed the municipality in a more advantageous position to give attention to its constitutional service delivery mandate with the commencement of the new 2018/19 financial year on 1 July 2018.

### Financial Health:

In respect of the Financial Health of the Municipality, the total revenue decreased by 2% year on year due to the negative implications of the drought. No new loans were taken up during the 2017/18 financial year resulting in long term borrowings decreasing by 12%, representing capital repayments made during the year. The below table depict revenue by source and long-term borrowings:

Revenue	2018	2017	% Increase/ (Decrease)
Property Rates	R44 726 706	R42 530 478	5%
Government Grants and Subsidies	R94 911 850	R79 334 043	20%
Service Charges	R140 281 091	R147 352 224	(-5%)
Interest Earned - External Investments	R2 497 636	R1 700 714	5%
Other Revenue	R22 286 034	R38 097 955	(-42%)
	<b>R304 703 317</b>	<b>R309 015 413</b>	<b>(-2%)</b>
Long Term Borrowings	R19 066 400	R21 662 766	(-12%)

### Risk Management:

Risk assessments were carried out in accordance to 3 categories, Enterprise Risk Management, Fraud and Financial Misconduct Risk and ICT Risk.

The top five risks were assessed with strategic actions undertaken to address such risks, as follows:

#### 1. Impact of drought on the economy of the municipal area

##### Strategic actions

- 1.1. Awareness campaigns (national and provincial level)
- 1.2. Continuous liaison with national treasury and provincial treasury;
- 1.3. Motivation for financial assistance and grant funding;
- 1.4. Declaration of municipality as a disaster area for drought purposes;

- 1.5. Liaison with all stakeholders in order for Matzikama Municipality to qualify for emergency relief.

#### 2. Limited raw water sources and supply, and inadequate raw water storage capacity

##### Strategic actions:

- 2.1. Assessment of current situation to prioritise critical actions;
- 2.2. Submission of business plans for funding;
- 2.3. Installation of bore holes as additional raw water supply;
- 2.4. Pro-active conservation of underground water supplies;
- 2.5. Awareness campaigns for conservation of water;
- 2.6. Imposing of water restrictions and penalty tariffs;
- 2.7. Implement water loss reduction programme;
- 2.8. Backup water storage for every town in place;
- 2.9. Disaster Management plan compiled for drought situations.

#### 3. Inadequate fire services

##### Strategic actions:

- 3.1. Liaison with all municipalities within the district to establish the way forward;
- 3.2. Assessing options of providing the service as the municipality itself vs entering into SLA with the district Municipality to provide service on behalf of the municipality;
- 3.3. Provision in future financial years budget for contribution towards fire services;
- 3.4. Training of staff / personnel.

#### 4. Aged and overstretched infrastructure

##### Strategic actions:

- 4.1. Condition assessment to be done (master plan to be updated);
- 4.2. Secure funding for implementation of master plan;
- 4.3. Budget provision to update and/or replace infrastructure;
- 4.4. Renewal of infrastructure to be accommodated with new developments;
- 4.5. Phased replacement of infrastructure.

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### 5. Inadequate systems to detect and prevent security access risk with regard to firewall (Intrusion Detection System (IDS) vs Intrusion Prevention system (IPS))

#### Strategic Actions:

- 5.1. Independent audit assurance to be obtained on the effectiveness of current situation regarding systems to detect and prevent security access risk with regard to firewall;
- 5.2. Pending results of 5.1, develop action plans to address weaknesses identified;
- 5.3. Procurement of new server and internet usage.

#### **Accomplishments:**

The Matzikama Municipality is proud to announce that for 4 years in a row, it achieved a 100% expenditure level on its MIG, and also achieved a 100% expenditure level on its National Grant Funding. In addition, the Municipality also received a "clean audit" for the 2016/17 financial year, and we are positive that for the

2017/18 financial year, we will receive our 4<sup>th</sup> consecutive "clean audit". At the time of writing this foreword we were awaiting the management letter and findings from the Auditor-General.

#### **Acknowledgement:**

In closing, I wish to convey my sincere gratitude to the Executive Mayor, the Deputy Mayor, Speaker, Mayoral Committee Members, Councillors, Heads of Departments, Managers and each employee of the Matzikama Municipality, who contributed towards the success and accomplishments during the 2017/18 financial year.

**DP LUBBE**  
**MUNICIPAL MANAGER**

## 1.2 MUNICIPAL OVERVIEW

This report addresses the performance of the Matzikama Municipality in the Western Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the council of the municipality provides regular and predictable reporting on programme performance and the general state of affairs in their locality.

The 2017/18 Annual Report reflects on the performance of the Matzikama Municipality for the period 1 July 2017 to 30 June 2018. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the municipality must prepare an Annual Report for each financial year.

### 1.2.1 VISION AND MISSION

**The Matzikama Municipality committed itself to the vision and mission of:**

**Vision:**

***"A Safe and Prosperous Matzikama"***

**Mission:**

***"To achieve effective service delivery and upliftment of the community through sustainable economic development"***

### 1.2.2 DEMOGRAPHIC INFORMATION

#### MUNICIPAL GEOGRAPHICAL INFORMATION

Matzikama – (*"matzi = he gives, kamma = water"*) Municipality, in Southern Namaqualand is a category B municipality proclaimed in terms of Provincial Notice No. 481/2000 of September 2000. Matzikama Municipality is the result of the amalgamation of the towns of Klawer, Vanrhynsdorp, Lutzville, Vredendal, Ebenhaeser, Papendorp, Doring Bay and Strandfontein. The DMA area comprising of towns Kliprand, Bitterfontein, Molsvlei, Rietpoort, Put-se-Kloof, Nuwerus, Stofkraal and Koekenaap also falls within the municipal area.

The region is dominated by the Maskam, Gifberg, Khobee and Bokkeveld Mountains to the East. To the West lies the mighty Atlantic Ocean, with its cold Benguela current which has an impact on the unique flora of the Knersvlakte Bioregion. Southbound, the Cederberg and the rest of the Western Cape beckons.

Matzikama lies on the N7, Cape Namibia route, approximately 300km (3 hours) North of Cape Town and 1200 km from Windhoek. It can also be reached from the North (Gauteng, Mpumalanga, etc.) along the N14/R27 via Upington, N12/R27 via Kimberley and the N1/R63 via Bloemfontein and Victoria West.

Matzikama is characterized by an arid environment but is served by a life-giving arterial namely the Olifants River. The river with its associated canal systems supports a flourishing agricultural sector that is mainly built on viticulture. The population is therefore concentrated along the river. Only the villages of Vanrhynsdorp, Doring Bay and Strandfontein are not linked to the river. Doring Bay and Strandfontein are coastal towns.

#### Wards

The Municipality is currently structured into the following 8 Wards:

Ward	Areas
1	Lutzville, Lutzville-West and the surrounding farms
2	Doring Bay, Strandfontein, Ebenhaeser, Papendorp and surrounding farms
3	The most northern section of Vredendal-North and surrounding farms
4	The southern section of Vredendal North as well as the eastern section of Vredendal-South and surrounding farms
5	Vredendal South and surrounding farms
6	Klawer, Trawal and surrounding farms
7	Vanrhynsdorp and surrounding farms

Ward	Areas
8	Bitterfontein, Koekenaap, Nuwerus, Kliprand, Stofkraal, Molsvlei, Rietpoort and Put-se-Kloof

**Table 1: Municipal Wards**

Below is a map of the Western Cape that indicates the location of the Matzikama Municipality:



Below is a map indicating all the towns that reside under the Matzikama Municipal area



**Figure 1.: Matzikama municipal map**

## KLAWER

The town is located 22 km south of Vanrhynsdorp on the Cape/Namibia tourism route and developed from a railway crossing between Cape Town and Bitterfontein. Since the reduction in rail transport the agriculture sector and services industry continued to provide income to the population of Klawer. Klawer is surrounded by many farms and attracts a large number of tourists to the area to join in the agri-tours presented by the Kapel farm in the area.

## VANRHYNSDORP

Vanrhynsdorp is the most southern and oldest town in Namaqualand. It exists since 1661. The town is also the gate way to the Western Cape, Upington, Johannesburg, Namibia, Vredendal and the coastal towns. Vanrhynsdorp is located 300 km north of Cape Town on the intersection to Cape Namibia, Namakwari and West Coast Karoo tourism routes. The economic base comprises the services and agriculture industries.

## LUTZVILLE

Lutzville developed from a farm established in 1923 and is located 48 km west of Vanrhynsdorp on the West Coast Tourism Route. Apart from the many farming activities in the area tourism has the potential to add significantly to the economic base of the local urban economy and is linked to the wine industry, annual agriculture expo, annual wild flower season and its location on the West Coast Tourism Route. The town accommodates a large number of the workers employed by Namaqua Sands as well as farm workers and hence the low unemployment rate.

## VREDENDAL

Vredendal is by far the largest town in the area and is also centrally located rendering it the logical economic and administrative centre. The town is located 24 km east of Vanrhynsdorp on the West Coast Tourism Route.

## EBENHAESER/PAPENDORP

These two villages function as a residential settlement with very few economic activities apart from government services, farm labourers and subsistence farming activities. The villages are located on the banks of the Olifants River and play an important role in protecting the sensitive eco system of the Olifants River. These two villages developed from a mission station founded by the Rynse Church in 1831.

## DORING BAY

Doring Bay is located on the coast line, 80 km west of Vanrhynsdorp and 15 km north of Lamberts Bay, making it ideal for tourism and aquaculture development. Both aquaculture and tourism have huge potential and can play an important role in mitigating unemployment caused by the decline of the fishing industry.

## STRANDFONTEIN

Strandfontein has been a holiday resort and retirement village since its existence. The town recorded a relatively high ranking in terms of its resource and development potential. Out of the 131 towns situated in the Western Cape Province, Strandfontein was ranked 28<sup>th</sup> in terms of composite development potential and 2<sup>nd</sup> in terms of composite resource potential. The town is located on the coast line 5 km north of Doring Bay and 75 km west of Vanrhynsdorp. The town draws many tourists and holiday makers annually and has become more sought after than ever before.

## THE PREVIOUSLY DISTRICT MANAGED AREA

The area of roughly 8 000 km<sup>2</sup> with a population of just over 7 000 people comprise of 7 different villages including Kliprand, Bitterfontein, Nuwerus, Molsvlei, Stofkraal, Rietpoort and Put-se-Kloof. Apart from livestock farming, no other major economic activity apart from retail and a few government services exist in the area. The area is basically a residential area with most of the population being unemployed. The few that is employed work for the nearby mining companies.

## POPULATION

### TOTAL POPULATION

The table below indicates the total population within the municipal area according to the Census of 2011 and the Community Survey 2016:

2011	2016
67 147	71 813

**Table 2: Total population**

## Households

The total number of households within the municipal area are **20 821** according to the Community Survey 2016.

Households	2011	2016
Number of households in municipal area	18 835	20 821

**Table 3: Total number of households**

## Economic Activities

The 3 largest sectors in the Matzikama Municipality are pertained in the following table:

Key Economic Sectors	Contribution to Gross Domestic Product (GDP)
Commercial Services	34.3%
Agriculture, Forestry and Fishing	24.3%
Government and Community, Social and Personal Services	16.5%

*Source: Community Survey 2016*

**Table 4: Contribution to GDP of Matzikama Municipality**

The Municipality is dependent on the following economic activities:

Key Economic Sectors	Description
Agriculture	Grapevines, fruit and vegetables, livestock
Fishing	Limited to recreational and small fishing rights
Tourism	Seasonal, especially during the flower season
Mining	The municipal area is home to 10 mining companies that mine a variety of minerals, including heavy sands, rare earth minerals, diamonds, clay, salt, gypsum and lime
Manufacturing	Manufacturing comprise products including tomato paste/sauce, table grapes, wine and spirits, mineral separation (first phase of manufacturing) and dried fruit. Manufacturing in the pipeline include plastic products from waste plastics and mineral separation from rare earth minerals.
The Public Sector	The municipal area is home to ten provincial and national sector departments
The Service Sector	This sector comprises all the banks including ABSA, FNB, Standard, Nedbank, Capitec and African Bank as well as other financial service providers including Old Mutual and Sanlam. As a result of the more than 1 923 farms in the area many engineering and other support services exists

**Table 5: Key Economic activities**

## Natural Resources

The Municipality has the following natural resources in its area:

Natural Resources	
Major Natural Resource	Relevance to the Community
Olifants River	The only reliable source of potable and irrigation water
Climate	The agriculture sector that is dependent on the right climatic conditions is the main employment provider
Minerals	Matzikama is home to 10 mining companies which through procurement of local goods and services pumps more than a R100 million per annum into the local economy which is over and above the many jobs they created for the local communities
The ocean	Despite the dwindling fish stocks that resulted with the closure of the fishing industry along the West Coast of the Western Cape including Doring Bay the ocean still provide great potential for aquaculture development in addition to the income it provides to hundreds of small-scale subsistence fishers

Natural Resources	
Major Natural Resource	Relevance to the Community
The wind	Eskom identified the municipal area as an ideal location for establishing electricity generating wind farms. Despite these facilities not being able to create jobs for the local people due to the high-tech nature Communities may benefit from the available green energy
Agriculture land	The municipal area is home to high quality agriculture land (soil) that can grow almost any crop. Apart from the fact that current crop production provides sustainable livelihoods to many in the local communities it also offers opportunities to many emerging farmers
Sun (Solar energy)	Unlike wind farms solar energy creates jobs with the local community Communities may benefit from the available green energy

**Table 6: Natural Resources**

### 1.3 SERVICE DELIVERY OVERVIEW

#### 1.3.1 BASIC SERVICE DELIVERY HIGHLIGHTS

Highlight	Description
Drilling boreholes	The Municipality managed to secure drought funding for drilling of boreholes
Polpark, Vredendal North: Supply of electricity to 268 houses	The electrification of the housing project was done inhouse and as a result, 62 additional houses could be connected. The project was completed successfully ahead of schedule
Title deeds	Title deeds were handed over in Klawer, Vredendal North and Doring Bay

**Table 7: Basic service delivery highlights**

#### 1.3.2 BASIC SERVICE DELIVERY CHALLENGES

Service Area	Challenge	Actions to address
Water	Limited raw water sources (dependency on Clanwilliam Dam as main water source)	Source funding for drilling of bore
	Aging infrastructure	Funding needed to upgrade water infrastructure
Waste Water (Sanitation)	Overflowing oxidation ponds in Koekenaap, Lutzville-West, Ebenheaser Strandfontein and Doring Bay	Implement irrigation facility
Electricity	Illegal electricity connections	Increase awareness efforts to decrease illegal electricity connections
Waste Management	Electricity losses	Upgrade of bulk meters and monitoring of usage
Housing	Build more houses and serviced sites for everyone	Submit funding applications to the Department of Human Settlements
Roads and Stormwater	Potholes due to aged infrastructure	Reseal and upgrade of roads

**Table 8: Basic Service Delivery Challenges**

## 1.4 FINANCIAL HEALTH OVERVIEW

## 1.4.1 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (RATIOS)

The following table indicates the Municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area, namely Municipal Financial Viability and Management.

KPA & Indicator	2016/17	2017/18
Financial viability measured in terms of the Municipality's ability to meet its service debt obligations as at 30 June 2018 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	10.21	37.93
Financial viability measured in terms of the outstanding service debtors as at 30 June 2018 (Total outstanding service debtors/ revenue received for services)	35.87%	39.33%
Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2018 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	0.16	1.14

**Table 9: National KPI's for financial viability and management**

## 1.4.2 FINANCIAL OVERVIEW

Details	Original budget	Adjustment Budget	Actual
	R'000		
<b>Income</b>	<b>329 860</b>	<b>349 765</b>	<b>305 060</b>
Grants	95 593	110 923	94 912
Taxes, Levies and tariffs	206 446	204 911	185 008
Other	27 821	33 931	25 137
<b>Less: Expenditure</b>	<b>(291 329)</b>	<b>(299 160)</b>	<b>(287 111)</b>
<b>Net surplus/(deficit)</b>	<b>38 531</b>	<b>50 605</b>	<b>17 946</b>

**Table 10: Financial overview**

## 1.4.3 TOTAL CAPITAL EXPENDITURE

Detail	2016/17	2017/18
	R'000	
Original Budget	27 077	47 709
Adjustment Budget	31 708	62 197
Actual	25 343	40 205

**Table 11: Total capital expenditure**

## 1.5 ORGANIZATIONAL DEVELOPMENT OVERVIEW

## 1.5.1 MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT HIGHLIGHTS

Highlight	Description
The agendas of all Council meetings were distributed in good time to councillors	The agendas of all Council meetings were distributed 48 hours prior to the meetings according to the by-law regulating the conduct of meetings of the Council of Matzikama Municipality
The good quality of all the minutes of Council meetings	There were very few corrections/changes to the minutes of Council meetings when the minutes of previous meetings were confirmed by Council
An approved records control schedule and disposal authority for the current filing system of the Municipality	A records control schedule and disposal authority for the current filing system of the Municipality was compiled and approved by the Western Cape Archives and Records Service

Table 12: Municipal Transformation and Organisational Development highlights

## 1.5.2 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT CHALLENGES

Challenge	Action to address
The storage room of records needs proper steel filing cabinets, files for records based on archival requirements and a copy/scan machine for the records office	The current wooden cabinets and shelves in the storage room of records and the files for records that does not comply with archival requirements must be systematically replaced with budgeted funds and a copy/scan machine must be provided for the records office
The transfer of all terminated A20 records of all former municipalities to the Western Cape Archives and Records Service	The Municipality must transfer all terminated A20 records of all former municipalities to the Western Cape Archives and Records Service after approval thereof
The functions of the Collaborator software program by which records of the Municipality are electronically distributed, are not fully used	The extension and implementation of all the additional functions of the Collaborator software program of the Municipality

Table 13: Municipal Transformation and Organisational Development challenges

## 1.6 AUDIT OUTCOMES

Detailed audit action plans driven by the CFO and monitored by the Internal Audit Section are developed annually to address the issues raised by the Auditor-General and monitored on a monthly. The detailed corrective measures/steps are also used to improve internal controls with associated management arrangements. The latter informed the review of the Annual Financial Statements prior to submission to the Auditor-General.


Regular management meetings are held to ensure that senior management collectively strive towards and contribute to developing quality and accurate financial reports.











Year	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Status	Unqualified with other matters	Unqualified with no marked misstatements, omissions or errors other than the Audit Committee that was not functional for the year under review	Financially unqualified with no other matters (Clean Audit Opinion)	Financially unqualified with no other matters (Clean Audit Opinion)	Financially unqualified	Financially unqualified with no other matters (Clean Audit Opinion)

Table 14: Audit outcomes

## 1.7 2017/18 IDP/BUDGET PROCESS

The table below provides details of the 2017/18 IDP/Budget process:

No.	Activity	Responsible person	Date
<b>Pre-Budgeting Processes/Tasks</b>			
1.1	Finalise inputs from bulk resource providers (and NERSA) & agree on proposed price increase	CFO	March 2017
1.2	Review whether all bulk resource providers have lodged a request with National Treasury and SALGA seeking comments on proposed price increases of bulk resources	CFO	March 2017
<b>Community Participation Process</b>			
2.1	Community participation in revising the IDP ward in terms of their development needs	IDP Official	September 2017
2.2	Community participation in revising the IDP & budget – final recommendations	IDP Official	April 2018
<b>Budget Preparatory Process</b>			
3.1	Finalise detailed operating & capital budgets in the prescribed formats incorporating National and Provincial budget allocations, integrate & align to IDP documentation & draft SDBIP, finalise budget policies including tariff policy	CFO	21 March 2017
3.2	Finalise the draft capital and operating budget and budget related policies	CFO	21 March 2017
3.3	Note any Provincial and National allocations to municipalities for incorporation into budget	CFO	14 March 2017
3.4	Finalise corrective measures from audit report	CFO	31 December 2016
3.5	Receive bulk resource providers' price increases as tabled in Parliament or the provincial legislature	CFO	15 October 2016
3.6	Approval of NERSA tariffs	CFO	02 June 2017
<b>Budgetary Policies</b>			
4.1	Leasing of caravan sites and chalets	CFO	21 March 2017
4.2	Draft SCM policy	CFO	21 March 2017
4.3	Property rates policy	CFO	21 March 2017
4.4	Funding-and-reserves policy	CFO	21 March 2017
4.5	Credit control policy	CFO	21 March 2017
4.6	Debt policy	CFO	21 March 2017
4.7	Cash management and investments policy	CFO	21 March 2017
4.8	Travel and substance policy	CFO	21 March 2017
4.9	Tariff policy	CFO	21 March 2017
4.10	Virement Policy	CFO	21 March 2017
4.11	Budget Implementation and Monitoring Policy	CFO	21 March 2017
4.12	Acting Allowance Policy	CFO	21 March 2017
4.13	Indigent Policy	CFO	21 March 2017
<b>Tabling of Budgets</b>			
5.1	A1 Schedule	CFO	30 March 2017
5.2	Adjustment Budget:  Submit to mayoral committee	CFO	4 December 2017

No.	Activity	Responsible person	Date
	 Submit to council  Submit the approved adjustments budget to the Provincial Treasury and National Treasury.		
5.3	Adjustment Budget:  Submit to mayoral committee  Submit to council  Submit the approved adjustments budget to the Provincial Treasury and National Treasury.	CFO	23 February 2018
5.3.1	Adjustment Budget:  Submit to mayoral committee  Submit to council  Submit the approved adjustments budget to the Provincial Treasury and National Treasury.	CFO	29 May 2018
5.4	Submit the budget as well as the IDP to the Provincial Treasury, National Treasury and other affected organs of state	CFO	30 March 2017
5.5	Make public the annual budget and invite the community to submit representations	CFO	03 April 2017
5.6	Council must give the mayor an opportunity to respond to the submissions and, if necessary, to revise the budget and table amendments for consideration by the council	CFO	31 May 2017
<b>Approval of Budget and Policies</b>			
6.1	Table final IDP and budget in Council  Submit to Mayoral Committee  Submit to Council	CFO	30 May 2017
6.2	Council meeting	CFO	30 May 2017
<b>Finalising</b>			
7.1	Completion of Annual Budget amendments / refinements	CFO	24 May 2017
7.2	Place the IDP, annual budget, all budget-related documents and all budget-related policies on the website	CFO	31 May 2017
7.3	Make public the approved annual budget and supporting documentation	CFO	31 May 2017
7.4	Submit approved budget to the Provincial Treasury and National Treasury	CFO	31 May 2017

**Table 15: 2017/18 IDP/Budget Process**

## CHAPTER 2

## COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

The following table indicates the Municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 796 2001 and Section 43 of the MSA. This key performance indicator is linked to the National Key Performance Area - Good Governance and Public Participation.

KPA & Indicators	2016/17	2017/18
The percentage of the municipal capital budget actually spent on capital projects by 30 June 2018 {(Actual amount spent on projects /Total amount budgeted for capital projects) X100}	89%	69%

**Table 16: National KPIs - Good Governance and Public Participation**

## 2.1 GOVERNANCE STRUCTURE

## 2.1.1 POLITICAL GOVERNANCE STRUCTURE

The Council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Executive Mayor and the Mayoral Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, councillors are also actively involved in community work and the various social programmes in the municipal area.

## A) COUNCIL

Below is a table that categorised the councillors within their specific political parties and wards for the 2017/18 financial year:

Council Members	Capacity	Political Party	Ward representing or proportional	Percentage Council Meetings Attendance (%)	Percentage Apologies for non-attendance (%)
Cllr G Stephan (until 5 May 2018)	Executive Mayor	DA	Proportional Representative	91.67	8.33
Cllr A Sindyamba	Executive Deputy Mayor	DA	Ward 7	100	N/A
Cllr N Louw	Speaker	DA	Ward 5	100	N/A
Cllr A Job	Executive Councillor	DA	Ward 2	100	N/A
Cllr W Loff	Ordinary Councillor	DA	Ward 4	91.67	8.33
Cllr R Nutt	Ordinary Councillor	DA	Ward 6	91.67	8.33
Cllr P Bok	Ordinary Councillor	ANC	Proportional Representative	83.33	16.67
Cllr M Carosini	Ordinary Councillor	DA	Ward 1	83.33	16.67
Cllr M Cloete	Ordinary Councillor	DA	Ward 8	100	N/A
Cllr J de Jongh	Ordinary Councillor	ANC	Proportional Representative	100	N/A

Council Members	Capacity	Political Party	Ward representing or proportional	Percentage Council Meetings Attendance (%)	Percentage Apologies for non-attendance (%)
Cllr D Jenner	Ordinary Councillor	UD	Proportional Representative	66.67	33.33
Cllr A Links	Ordinary Councillor	ANC	Ward 3	100	N/A
Cllr W Nell	Ordinary Councillor	ANC	Proportional Representative	100	N/A
Cllr N Ngobo	Ordinary Councillor	ANC	Proportional Representative	83.33	16.67
Cllr X Tshetu	Ordinary Councillor	EFF	Proportional Representative	100	N/A
Cllr H van der Hoven	Ordinary Councillor	DA	Proportional Representative	100	100

**Table 17: Council 2017/18**

The table below indicates the dates of the Council meetings and the number of reports submitted to Council for the 2017/18 financial year:

Meeting date	Number of items/reports submitted to Council
25 July 2017	8
26 September 2017	32
5 October 2017	3
27 October 2017	4
4 December 2017	34
30 January 2018	13
9 February 2018	1
23 February 2018	11
27 March 2018	23
24 April 2018	5
29 May 2018	17
28 June 2018	28

**Table 18: Council meeting dates**

## B) EXECUTIVE MAYORAL COMMITTEE

The Executive Mayor of the Municipality, Cllr G Stephan, assisted by the Mayoral Committee, heads the executive arm of the Municipality. The Executive Mayor is at the centre of the system of governance, since executive powers are vested in her to manage the day-to-day affairs. This means that she has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the Council, and as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in concert with the Mayoral Committee.

## Annual Report 2017/18

The name and portfolio of each Member of the Mayoral Committee is listed in the table below for the period 1 July 2017 to 30 June 2018:

Name of member	Capacity
Cllr G Stephan ( <i>until 5 May 2018</i> )	Executive Mayor
Cllr A Sindyamba	Executive Deputy Mayor
Cllr A Job	Executive Councillor
Cllr W Loff	Executive Councillor
Cllr R Nutt	Executive Councillor

**Table 19: Executive Mayoral Committee**

The table below indicates the dates of the committee meetings and the number of reports submitted to Council for the 2017/18 financial year:

Meeting date	Number of items/reports submitted to Council
29 August 2017	9
14 September 2017	10
17 October 2017	11
16 November 2017	14
15 March 2018	16
21 May 2018	6
20 June 2018	22

**Table 20: Executive Mayoral Committee meeting dates**

### C) PORTFOLIO COMMITTEES

Section 80 committees are permanent committees that specialise in a specific functional area of the municipality and may in some instances make decisions on specific functional issues. They advise and assist the executive committee or the executive mayor. Section 79 committees are temporary and appointed by the Council as needed. They are usually set up to investigate a particular issue and do not have any decision-making powers, but they can make recommendations to Council. Once their *ad hoc* task had been completed, Section 79 committees are usually disbanded. External experts, as well as Councillors can be included on Section 79 committees.

The portfolio committees for 2017/18 and their chairpersons are as follow:

Committee	Chairperson	Section 79 or 80 Committee	Number of reports submitted to Council	Meeting Date
MPAC	Cllr D Jenner	79	1	26 October 2017
			1	25 January 2018
			0	14 March 2018
			0	27 June 2018
Finance	Cllr G Stephan	80	6	15 August 2017
			5	20 February 2018
			5	20 April 2018
Corporate	Cllr R Nutt	80	2	15 August 2017
			2	13 February 2018
			2	16 May 2018
Community Development	Cllr A Job Cllr A Sindyamba	80	1	21 August 2017
			1	20 February 2018

Committee	Chairperson	Section 79 or 80 Committee	Number of reports submitted to Council	Meeting Date
			3	20 April 2018
Infrastructure	Cllr W Loff	80	3	24 August 2017
			2	20 February 2018
			2	19 April 2018

Table 21: Portfolio committees

## 2.1.2 ADMINISTRATIVE GOVERNANCE STRUCTURE

The Municipal Manager is the Accounting Officer of the municipality. He is the head of the administration, and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reports, which constitutes the management team, whose structure is outlined in the table below:

Name of Official	Department	Performance agreement signed
		(Yes/No)
D. Lubbe	Municipal Manager	Yes
G. Seas	Financial Services	Yes
W. Conradie	Corporate Services	Yes
R. Basson	Technical Services	Yes
J. Swartz	Community Services	Yes
L. Phillips	Development and Town Planning Services	Yes

Table 22: Administrative Governance Structure

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

## 2.2 INTERGOVERNMENTAL RELATIONS

In terms of the Constitution of South Africa, all spheres of government and all organs of state within each sphere must co-operate with one another in mutual trust and good faith fostering friendly relations. They must assist and support one another, inform and consult one another on matters of common interest, coordinate their actions, adhering to agreed procedures and avoid legal proceedings against one another.

### Intergovernmental Structures





To adhere to the principles of the Constitution as mentioned above the Municipality participates in the following intergovernmental structures:

Name of Structure
Municipal Managers Forum
Premiers Coordinating Forum
SALGA Working Groups
IDP Managers Forum
LED Managers Forum
SCM Forum
Integrated Waste Management Forum
Provincial Public Participation and Communication Forum (PPPCOM)
IDP Working Group
Chief Financial Officers Forum
Municipal Accountants Forum

Name of Structure
IDP Indaba's
SCM & LED Indaba

**Table 23: Intergovernmental Structures****COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION**

Section 16 of the MSA refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose, it must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of:

-  the preparation, implementation and review of the IDP;
-  establishment, implementation and review of the performance management system;
-  monitoring and review of the performance, including the outcomes and impact of such performance; and
-  preparation of the municipal budget.

**2.3.1 PUBLIC MEETINGS**

The table below provide details of public communication and participatory initiatives employed by the Municipality:

Ward Number	Date of Events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community Members Attending
<b>Workshop with Ward Committee members: Training on Community Based Planning</b>				
Ward 1	0	0	0	0
Ward 2	0	0	0	0
Ward 3	0	0	0	0
Ward 4	0	0	0	0
Ward 5	0	0	0	0
Ward 6	0	0	0	0
Ward 7	0	0	0	0
Ward 8	0	0	0	0
<b>IDP public participation meetings to obtain community input</b>				
Ward 1	18 September 2017	5	14	198
Ward 2	19 September 2017	2	6	29
Ward 3	20 September 2017	2	3	46
Ward 4	21 September 2017	2	2	26
Ward 5	2 October 2017	2	4	7
Ward 6	27 September 2017	1	2	81
Ward 7	26 September 2017	1	2	57
Ward 8: Kliprand	22 September 2017	2	3	31
Ward 8: Putsekloof	2 October 2017	N/A	N/A	N/A
Ward 8: Bitterfontein	28 September 2017	2	1	63
Ward 8: Koekenaap	28 September 2017	1	4	23
Ward 8: Nuwerus	28 September 2017	3	5	48
Ward 8: Stofkraal	21 September 2017	2	3	37

Ward Number	Date of Events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community Members Attending
<b>Workshop with Ward Committee members: Training on Community Based Planning</b>				
Ward 8: Molsvlei	21 September 2017	2	4	25
Ward 8: Rietpoort	2 October 2017	1	2	10
<b>Public participation of draft budget and draft IDP review</b>				
Ward 1	5 April 2018	3	3	179
Ward 2	9 April 2018	3	9	53
Ward 3	10 April 2018	2	11	121
Ward 4	11 April 2018	4	11	58
Ward 5	16 April 2018	2	6	19
Ward 6	24 April 2018	5	15	122
Ward 7	19 April 2018	1	10	88
Ward 8: Koekenaap	23 April 2018	2	12	56
Ward 8: Kliprand	6 April 2018	2	4	34
Ward 8: Stofkraal	16 April 2018	2	6	73
Ward 8: Molsvlei	16 April 2018	2	5	44
Ward 8: Rietpoort	17 April 2018	2	3	44
Ward 8: Putsekloof	17 April 2018	2	5	22
Ward 8: Bitterfontein	18 April 2018	1	4	85
Ward 8: Nuwerus	18 April 2018	2	3	37

Table 24: Public Meetings

### 2.3.2 WARD COMMITTEES

The ward committees support the ward councillor who receives reports on development, participate in development planning processes, and facilitate wider community participation. To this end, the Municipality constantly strives to ensure that all ward committees function optimally with community information provision, convening of meetings, ward planning, service delivery, IDP formulation and performance feedback to communities.

#### Ward 1: Lutzville and Lutzville West

Name of representative	Capacity representing	Dates of quarterly public ward meetings held during the year
W Booysen	Geographical Block A	5 March 2018 4 June 2018
J Luikes	Geographical Block B	
E Gqatsiwe	Sport	
W van Reenen	Churches	
L van Wyk	Lutzville West Geographical Area	
M Cloete	Elderly	
N Bock	Small Scale Farmers	

Table 25: Ward 1 committee meetings

#### Ward 2: Doring Bay, Strandfontein, Ebenhaeser/Papendorp and Lutzville West

Name of representative	Capacity representing	Dates of quarterly public ward meetings held during the year
L Klaasen	Doring Bay Development Trust (DDT)	10 October 2017 12 December 2017 5 March 2018 4 June 2018
M van Niekerk	Papendorp- Geographical Block	
Elizabeth Philander	Small Farmers	
J Pietersen	Elderly	
J van Wyk	Youth	
S Okhuis	Community Police Forum (CPF)	
A Fristley	Sport	
G Afrikaner	Fishing Community	
L Fouche	Strandfontein- Geographical Block	
P Blankenberg	Community Property Agency (CPA)	

Table 26: Ward 2 committee meetings

## Ward 3: Vredendal North

Name of representative	Capacity representing	Dates of quarterly public ward meetings held during the year
S Thys	Sport	26 October 2017 11 December 2017 6 March 2018
M Kock	Schools	
W Abrahams	Small Businesses	
P Gxoyiana	Churches	
A Swartz	Health	
J Julies	Geographical Block B	
M Tshayela	Geographical Block A	

Table 27: Ward 3 committee meetings

## Ward 4: Vredendal North and South

Name of representative	Capacity representing	Dates of quarterly public ward meetings held during the year
G Lane	Traditional Council	12 October 2017 12 December 2017 6 March 2018 5 June 2018
S Van Wyk	Geographical Block A	
M Kooste	Elderly	
P van der Westhuizen	Disabled	
J Maarman	Churches	
V Mentoer	Geographical Block B	
W Klaase	Farming Community	

Table 28: Ward 4 committee meetings

## Ward 5: Vredendal

Name of representative	Capacity representing	Dates of quarterly public ward meetings held during the year
J Engelbrecht	Christian Family Church	10 October 2017 11 December 2017 5 June 2018
G Niewoudt	Churches	
T Van Zyl	Geographical Block A	
S Olivier	Geographical Block C	

Name of representative	Capacity representing	Dates of quarterly public ward meetings held during the year
I Coetzee	Disabled	
P Olivier	Sport	
B Louw	Community Police Forum (CPF)	
F Loubscher	School Governing Body	
L Bruwer	Westland Arts Association	

**Table 29: Ward 5 committee meetings****Ward 6: Klawer and Trawal**

Name of representative	Capacity representing	Dates of quarterly public ward meetings held during the year
D Scholtz	Sport	11 October 2017 13 December 2017 7 March 2018 6 June 2018
N Spamla	Klawer: Block A	
M Rosenberg	Elderly	
A Rosenberg	Klawer: Block B	
E Beukes	Community Police Forum (CPF)	
L Filander	Youth	
P Hollenbach	Emerging Famers	
D Brandt	Churches	

**Table 30: Ward 6 committee meetings****Ward 7: Vanrhynsdorp**

Name of representative	Capacity representing	Dates of quarterly public ward meetings held during the year
C Flink	Sport	17 October 2017 14 December 2017 7 June 2018
H Skippers	Block B -Vanrhynsdorp	
J Rosenberg	Community Police Forum (CPF)	
M Groenewald	Small Famers	
M Snyers	Traditional Council	
R Eyssen	Geographical Block	
E Meintjies	Religious Community	

**Table 31: Ward 7 committee meetings****Ward 8: Kliprand, Stofkraal, Nuwerus, Rietpoort, Molsvlei, Putsekloof, Bitterfontein, Koekenaap**

Name of representative	Capacity representing	Dates of quarterly public ward meetings held during the year
S Cloete	Nuwerus as geographical block representative	19 October 2017 14 December 2017 8 March 2018 7 June 2018
C Hendricks	Stofkraal as geographical block representative	
K Stuurman	Kliprand as geographical block representative	
E Ovies	Bitterfontein representative	
Z Engelbrecht	Koekenaap representative	
A Klaase	Rietpoort representative	

Name of representative	Capacity representing	Dates of quarterly public ward meetings held during the year
R Cloete	Putsekloof representative	
J Nero	Molsvlei representative	

Table 32: Ward 8 committee meetings

### 2.3.3 FUNCTIONALITY OF WARD COMMITTEE

The purpose of a ward committee is:

- to get better participation from the community to inform council decisions;
- to make sure that there is more effective communication between the Council and the community; and
- to assist the ward councillor with consultation and report-backs to the community and ultimately to promote Government's vision of a developmental government

Ward committees should be elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented. The ward councillor serves on the ward committee and act as the chairperson. Although ward committees have no formal powers, they advise the ward councillor who makes specific submissions directly to the Council. These committees play a very important role in the development and annual revision of the IDP of the area.

The table below provides information on the establishment of ward committees and their functionality:

Ward Number	Committee established Yes / No	Number of reports submitted to the Speakers Office	Number meetings held during the year	Number of quarterly public ward meetings held during the year
1	Yes	0	2	2
2	Yes	0	4	4
3	Yes	0	3	3
4	Yes	0	4	4
5	Yes	0	3	3
6	Yes	0	4	4
7	Yes	0	3	3
8	Yes	0	4	4

Table 33: Functionality of ward committee

### 2.3.4 REPRESENTATIVE FORUMS

#### Labour Forum

The table below specifies the members of the Labour Forum for the 2017/18 financial year:

Name of representative	Capacity	Meeting dates
Cllr R Nutt	Executive Councillor (Employer)	3 August 2017 20 October 2017 21 November 2017 25 January 2018 27 February 2018 18 May 2018 28 May 2018 7 June 2018
Cllr W Loff	Executive Councillor (Employer)	
Cllr A Job	Executive Councillor (Employer)	
Mr D Lubbe	Municipal Manager (Employer)	
Mr W Conradie	Director Corporate Services (Employer)	
Mr G Seas	Director Financial Services (Employer)	
Mr R Basson	Director Public Works and Basic Services (Employer)	
Mr L Phillips	Director Community Development Services (Employer)	
Mr J Baardman	Chairman SAMWU (Union)	
Mr V Peters	Shop steward SAMWU (Union)	

Name of representative	Capacity	Meeting dates
Mr R Hendrikse	Shop steward SAMWU (Union)	
Mr J Jantjies	Shop steward SAMWU (Union)	
Mr W Skippers	Shop steward SAMWU (Union)	
Me A Dippenaar	Chairman IMATU (Union)	
Mr J Fortuin	Shop steward IMATU (Union)	
Mr D Bhe	Shop steward IMATU (Union)	

Table 34: Labour Forum

## COMPONENT D: CORPORATE GOVERNANCE






Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

### 2.4 RISK MANAGEMENT

To maintain an overall positive perception of the Municipality and confidence in the Municipality from the public and other stakeholders, well planned goals and objectives should be coordinated and achieved within the Municipality. Section 62(1) of MFMA stipulates that the Accounting Officer must take all reasonable steps to ensure that the Municipality has and maintains an effective, efficient and transparent system of financial and risk management and internal control as well as the effective, efficient and economical use of the resources of the Municipality. The Municipality has instituted such a systematic and formalized process in order to identify, assess, manage and monitor risks which effectively ensures achievement of those planned goals and objectives. Thus, risk management is essentially a good governance measure instituted to ensure the municipality accomplish its vision, mission and strategic plans.

The Municipality has an approved Risk Management Policy, Framework and Implementation Plan as approved by Council on 28 June 2018. The Policy is reviewed annually by the risk committee and submitted to the municipal manager for approval.

The risk management function is facilitated internally to ensure the following functions are performed:

-  Assisting management to develop the Risk Management Policy, Strategy and Implementation Plan;
-  Coordinating risk management activities;
-  Facilitating identification and assessment of risks;
-  Recommending risk responses to management; and
-  Developing and disseminating risk reports.

Further detail of the roles of the risk committee is included in the approved risk committee charter.

Name of Committee Member	Capacity
D. Lubbe	Municipal Manager
G. Seas	Director: Financial Services
L. Phillips	Director: Community Development Services
R Bason	Director: Infrastructure Services
W. Conradie	Director: Corporate Support

Table 35: Risk Committee

#### 2.4.1 THE TOP TEN RISK IDENTIFIED FOR 2017/18 ARE AS FOLLOW:

Risk No.	Risk Description
1	Impact of drought on the economy of the municipal area
2	Limited raw water sources and supply, and inadequate raw water storage capacity
3	Inadequate fire services
4	Aged and overstretched infrastructure

5	Inadequate systems to detect and prevent security access risk with regard to Fire Wall (Intrusion Detection System (IDS) vs. Intrusion Prevention System (IPS))
6	Invasion of municipal and private land
7	Lack of dedicated disaster management unit
8	Lack of municipal funding to implement Local Economic Development (LED) strategy
9	Aged fleet, plant and equipment
10	Unsafe working environment and practices (OHS)

**Table 36: Top Ten Risks for 2017/18**

## 2.5 ANTI-CORRUPTION AND ANTI-FRAUD

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the MFMA, Section 112(1)(m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

### Developed Strategies

Name of strategy	Developed Yes/No	Date Adopted
Anti-corruption strategy	Yes	30 May 2009
Fraud prevention action plan	Yes	26 June 2012

**Table 37: Anti-Corruption and Anti-Fraud strategies**





### Implementation of Strategies

Strategies to implement	Key Risk Areas	Key measures to curb corruption and fraud
Anti-Fraud and Corruption Policy	Rollout of Anti-Fraud and Corruption policy to the internal stakeholders through presentations	Anti-Fraud and Corruption Policy
Ethics Awareness Programme	Rollout of Anti-Fraud and Corruption Policy to the external stakeholders through outreach programs	Ethics Awareness Programme
Outreach programme on fighting fraud and corruption	Investigations of fraud and corruption	Outreach programme on fighting fraud and corruption
Draft Whistleblowing Policy	Monitoring the recommendations with regards to disciplinary, criminal and recovery actions	Draft Whistleblowing Policy

**Table 38: Implementation of Anti-Corruption and Anti-Fraud strategies**















## 2.6 AUDIT COMMITTEE

Section 166(2) of the MFMA states that an audit committee is an independent advisory body which must - (a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –

-  internal financial control;
-  risk management;
-  performance Management; and
-  effective Governance.

### Functions of the Audit Committee

The Audit Committee have the following main functions as prescribed in Section 166 (2) (a-e) of the MFMA and the Local Government Municipal and Performance Management Regulation:

-  To advise the Council on all matters related to compliance and effective governance.
-  To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual Division of Revenue Act (DoRA) and other applicable legislation.
-  Respond to the council on any issues raised by the Auditor-General in the audit report.
-  To review the quarterly reports submitted to it by the internal audit.
-  To evaluate audit reports pertaining to financial, administrative and technical systems.
-  The compilation of reports to Council, at least twice during a financial year.
-  To review the performance management system and make recommendations in this regard to Council.
-  To identify major risks to which Council is exposed and determine the extent to which risks have been minimised.
-  To review the annual report of the municipality.
-  Review the plans of the Internal Audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
-  Provide support to the Internal Audit function.
-  Ensure that no restrictions or limitations are placed on the Internal Audit section.
-  Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation.
-  Provide Council with comments and recommendations about the proposed budget for the following year.

## Members of the Audit Committee

Name of representative	Capacity	Meeting dates
A Titus	Chairperson	29 August 2017
Z Groenewald	Committee Member	26 October 2017
		14 March 2018
D Miller	Committee Member	27 June 2018

**Table 39: Members of the Audit Committee**

## 2.7 PERFORMANCE AUDIT COMMITTEE

The Regulations require that the performance audit committee is comprised of a minimum of three members, the majority of whom are external (neither a councillor nor an employee) of the municipality. Section 14(2) (b) of the Regulations further stipulates that the performance audit committee must include at least one person who has expertise in performance management. It is also a requirement of the Regulations in Section 14(2)(d) that the Council of a municipality designate neither a member of the performance audit committee who is neither a councillor nor an employee of the municipality as the chairperson of the committee.

Both the Regulations and the MFMA, indicate that three is the minimum number of members needed to comprise a performance audit committee. While the regulations preclude the appointment of a councillor as chairperson of the performance audit committee, the MFMA excludes the involvement of a councillor in the composition of a performance audit committee entirely.

Section 14(3) (a) of the Regulations requires that the performance audit committee of a municipality must meet at least twice during each financial year. However, additional special meetings of the performance audit committee may be called for by any member of the committee, where sufficient justification exists in terms of Section 14(3) (b) of the Regulations.

### Functions of the Performance Audit Committee

In terms of Section 14(4) (a) of the Regulations the performance audit committee has the responsibility to -

- (i) review the quarterly reports produced and submitted by the internal audit process;
- (ii) review the municipality's performance management system and make recommendations in this regard to the council of the municipality; and
- (iii) at least twice during each financial year submit a performance audit report to the council of the municipality.

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## Members of the Performance Audit Committee

Name of representative	Capacity	Experience	Meeting dates
A Titus	Chairperson	Law Enforcement in Sheriffing NQF 5 (8-years' experience)	29 August 2017 26 October 2017 14 March 2018 27 June 2018
Z Groenewald	Committee Member	B IURIS (2-year experience)	
D Miller	Committee Member	BComm (Management Accounting) (4-years' experience)	

**Table 40: Members of the Performance Audit Committee**

## 2.8 INTERNAL AUDITING

Section 165 (2) (a), (b)(iv) of the MFMA requires that:












The Internal Audit Unit of a municipality must –

- prepare a risk based audit plan and an internal audit program for each financial year; and
- advise the accounting officer and report to the audit committee on the implementation on the internal audit plan and matters relating to risk and risk management.

The Municipality has an In-house Internal Audit function consisting of 2 internal auditors and 1 intern until 28 February 2018. From 1 March 2018 we outsourced the function to Claassen Stone Chartered Accountants.

### Annual Audit Plan

The Risk Based Audit Plan for 2017/18 was implemented with available resources. The Operational Audit Plan for the 2017/18 financial year was approved by the Audit Committee on 28 June 2017. The table below provide details on audits completed:

2017/18				
Description			No of Hours	Date completed
Phase 1				
Review of existing risk profile			96	Quarterly
Compilation of Strategic Audit Plan			76	April - May
Phase 2				
Audit Engagement	Departmental System	Detail	No of Hours	Date completed
Library Services	Corporate Services	Cash inspections and checking receipt books and payments	74	Quarterly
Risk Management	All Departments	The reporting on the management of top risks of each department	198	Quarterly
Salaries	Finance and Information Systems	 Existence of effective and efficient internal controls functioning  Overtime payments  Acting  Standby	Done as part of the OPCAR audit	April - May
Administration (Traffic)	Community Services	 Existence of effective and efficient internal controls for income and cash  Alignment of income procedures with municipal policies  Effective and professional communication between the departments/public	160	Quarterly
Governance Audits (IDP, SDBIP, LED, PBS)	All Departments	 Spending vs Budget  Spending of MIG funds  Proof of Measurement and allocation  PMS and Compliance	940	Quarterly

2017/18				
Description			No of Hours	Date completed
OPCAR	All Departments	Reporting on execution of management queries	101	Quarterly
Auditor General	All Departments	Stocktaking, meetings communication and handling of Comaf	103	June, September, November
Ad-Hoc Audits	All Departments	Aspects not included in the audit plan Consultation	791	Continuously
Attendance of Meetings	N/A	Obtain information as requested by the Audit Committee Coordinate meetings Attend meetings	222	Continuously
Corporate Services	N/A	All administrative tasks	495	Continuously
Audit Committee Instructions	Internal Audit	Execution of audit committee commissions	213	Continuously
Waste Management (Landfills)	Technical/Community Services	Monitoring of waste management license conditions Terrain inspections To verify that sufficient and effective controls exist	323	Quarterly
Training	Internal Audit	Attendance of workshops/courses	212	Continuously
Total Hours			4 012	

Table 41: Internal Audit Coverage Plan

## 2.9 BY-LAWS AND POLICIES

Section 11 of the MSA gives a Council the executive and legislative authority to pass and implement by-laws and policies. Below is a list of all the By-laws and policies developed and/or reviewed during the financial year:

Policies developed/ revised	Date adopted	Public Participation Conducted Prior to adoption of policy Yes/No
Supply Chain Management Policy	25 July 2017	No
Goodwill Policy in cases of death, hospitalisation, birth of children of employees and in cases of death of next of kin	26 September 2017	No
Expanded Public Works Program (EPWP) Policy	4 December 2017	No
Bylaw relating to trading days and hours for the sale of liquor in Matzikama Municipal area	4 December 2017	Yes
Virement Policy	23 February 2018	No
Policy relating to the letting of Netreg flats at Vanrhynsdorp	27 March 2018	No
Travel and Subsistence Allowance Policy	27 March 2018	No
House Shop Policy	24 April 2018	Yes
Tariff Policy	29 May 2018	Yes
Property Rates Policy	29 May 2018	Yes

Policies developed/ revised	Date adopted	Public Participation Conducted Prior to adoption of policy
		Yes/No
Credit Control Policy	29 May 2018	Yes
Indigent Policy	29 May 2018	Yes
Supply Chain Management Policy	29 May 2018	Yes
Travel and Subsistence Allowance Policy	29 May 2018	Yes
Virement Policy	29 May 2018	Yes
Budget implementation and monitoring Policy	29 May 2018	Yes
Policy: Managing and administration of immovable municipal property	29 May 2018	Yes
Risk Management Policy	28 June 2018	No
ICT Disaster Recovery Policy	28 June 2018	No
Data Backup and Recovery Policy	28 June 2018	No
ICT Service Level Agreement Management Policy (ICT and Municipality)	28 June 2018	No
ICT Service Level Agreement Management Policy (External Service Providers)	28 June 2018	No
ICT User Access Management Policy	28 June 2018	No
ICT Security Controls Policy	28 June 2018	No
ICT Operating System Security Controls Policy	28 June 2018	No

**Table 42: By-laws and policies developed/reviewed**

## 2.10 COMMUNICATION

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa Act 1996 and other statutory enactments all impose an obligation on local government communicators and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

The communities, on the other hand, have a right and a responsibility to participate in local government affairs and decision-making and ample provision is made in the abovementioned legislation for them to exercise their right in this respect. Our democratic government is committed to the principle of *Batho Pele* and this, in simple terms, means that those we elect to represent us (councillors at the municipal level) and those who are employed to serve us (the municipal officials at municipal level) must always put people first in what they do.

South Africa has adopted a system of developmental local government, which addresses the inequalities, and backlogs of the past while ensuring that everyone has access to basic services, to opportunities and an improved quality of life.

To be successful, communications must focus on the issues that are shown to impact on the residents' perceptions, quality of service, value for money and efficiencies. They should ideally look to close the communication-consultation loop, i.e. tell people how they can have a say and demonstrate how those who have given their views have had a real impact.

Communication activities	Yes/No
Communication Strategy	Yes
Communication Policy	Yes
Functional complaint management systems	Yes

Communication activities	Yes/No
Customer satisfaction surveys	Yes

**Table 43: Communication activities****Communication Unit**

Communication Unit	Yes/No	Number of people in the Unit	Job titles
	Yes	2	Public Relations Officer Intern

**Table 44: Communication unit****Newsletters**

Type of Newsletter	Number distributed	Date distributed
External	9 000	April 2018 Busy with December issue

**Table 45: Newsletters****Communication Channels Utilised**

Channel	Number of People Reached
Internal Newspapers	500
Website	Unknown
Facebook	Unknown
Pamphlets	50 000

**Table 46: Communication channels utilised****Additional Communication Channels Utilised**

Channel	Number of People Reached
Radio	60 000
Newspapers	20 000
Emails	Unknown
Loud hailing	2 000
Public meetings	2 000
Campaigns	5 000

**Table 47: Additional communication channels utilised****2.11 WEBSITE**

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of S75 of the MFMA and section 21A and B of the MSA as amended.

The website should serve as a mechanism to promote accountability and transparency to communities and therefore information posted should be accurate and timeously updated.

The municipal website is a key communication mechanism in terms of service offering, information sharing and public participation. It is a communication tool that should allow easy and convenient access to relevant information. The municipal website should serve as an integral part of the municipality's communication strategy.

The table below gives an indication about the information and documents that are published on our website.

Description of information and/or document	Yes/No and/or Date Published
<b>Municipal contact details (Section 14 of the Promotion of Access to Information Act)</b>	
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
<b>Financial Information (Sections 53, 75, 79 and 81(1) of the MFMA)</b>	
Draft Budget 2017/18	Yes
Adjusted Budget 2017/18	Yes
Customer Care, Credit control & Debt collection Policy	Yes
Indigent Policy	Yes
Funds and Reserves Policy	Yes
Investment & Cash Management Policy	Yes
Rates Policy	Yes
Supply Chain Management Policy	Yes
Tariff Policy	Yes
Virement Policy	Yes
Travel and Subsistence Policy	Yes
Borrowing Policy	Yes
SDBIP 2017/18	Yes
Budget and Treasury Office Structure	Yes
Budget and Treasury Office delegations	Yes
<b>Integrated Development Plan and Public Participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA)</b>	
Reviewed IDP for 2017/18	Yes
IDP Process Plan for 2017/18	Yes
<b>Reports (Sections 52(d), 71, 72 &amp; 75(1)(c) and 129(3) of the MFMA)</b>	
Annual Report of 2016/17	Yes
Oversight reports	Yes
Mid-year budget and performance assessment	Yes
Quarterly Reports	Yes
<b>Local Economic Development (Section 26(c) of the MSA)</b>	
Local Economic Development Strategy	Yes
Economic Profile	Yes
<b>Performance Management (Section 75(1)(d) of the MFMA)</b>	
Performance Agreements for employees appointed as per S57 of Municipal Systems Act	Yes

Table 48: Website information

## CHAPTER 3






### 3.1 OVERVIEW OF PERFORMANCE WITHIN THE ORGANIZATION

Performance management is a process which measures the implementation of the organization's strategy. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organization and its employees, are met.

#### 3.1.1 LEGISLATIVE REQUIREMENTS

The Constitution of S.A (1996), Section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195 (1) are also linked with the concept of performance management, with reference to the principles of *inter alia*:

-  the promotion of efficient, economic and effective use of resources;
-  accountable public administration;
-  to be transparent by providing information;
-  to be responsive to the needs of the community; and
-  to facilitate a culture of public service and accountability amongst staff.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A municipality's Performance Management System (PMS) entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role players." Performance management is not only relevant to the organization as a whole, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities. This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

In terms of section 46(1)(a) of the MSA a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with the performance of the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the municipality for the following financial year and measures that were or are to be taken to improve performance.

#### 3.1.2 ORGANISATIONAL PERFORMANCE

Strategic performance indicates how well the municipality is meeting its objectives and whether policies and processes are working effectively. All government institutions must measure and report on their strategic performance to ensure that service delivery is done in an efficient, effective and economical manner. Municipalities must therefore develop strategic plans and allocate resources for the implementation. The implementation of the plans must be monitored on an on-going basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlights the strategic performance in terms of the municipality's Top Layer SDBIP, high level performance in terms of the strategic objectives and performance on the National Key Performance Indicators as prescribed in terms of Section 43 of MSA.

## 3.2 THE PERFORMANCE SYSTEM USED FOR 2017/18

### 3.2.1 THE IDP AND THE BUDGET

The IDP and the main budget for 2017/18 was approved by Council on 30 May 2017. As the IDP process and the performance management process are integrated, the IDP fulfils the planning stage of performance management whilst performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

In terms of the performance management framework, the Mayor approved the Top Layer SDBIP on 26 June 2017. The Top Layer SDBIP indicators are aligned with the budget which was prepared in terms of the reviewed IDP. The indicators in the Top Layer SDBIP include indicators required by legislation, indicators that will assist to achieve the objectives adopted in the IDP and indicators that measure service delivery responsibilities.

The actual performance achieved in terms of the KPI's was reported on quarterly. The indicators and targets were adjusted after the finalisation of the previous year budget and mid-year budget assessment. The Top Layer SDBIP was revised with the Adjustments Budget in terms of Section 26 (2)(c) of the Municipal Budget and Reporting Regulations and an amended Top Layer SDBIP was approved by the Council on 28 June 2018.

The performance agreements of the senior managers were compiled and revised in terms of the SDBIP indicators and the portfolio of evidence that support the actual targets reported.

### 3.2.2 ACTUAL PERFORMANCE

The Municipality utilizes an electronic web-based system on which KPI owners update actual performance on a monthly basis. KPI owners report on the results of the KPI by documenting the following information on the performance system:

The actual result in terms of the target set.

A performance comment.

Actions to improve the performance against the target set, if the target was not achieved.

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated.

### 3.2.3 MONITORING OF PERFORMANCE

Municipal performance is measured as follows:

Quarterly reports indicating the performance against targets set for the quarter, were submitted to Council on the actual performance in terms of the Top Layer SDBIP. Council considered the performance and corrective actions where required.

The performance of the first semester was evaluated by the management team and a report was prepared in terms of Sections 72(1) (a) and 52(d) of the MFMA. The report with the performance to date and corrective actions was submitted to Council on 06 August 2018.

After the mid-year assessment, adjustments to KPI's were submitted to Council for approval with the Adjustment Budget.

### 3.3 STRATEGIC SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN

This section provides an overview on the achievement of the Municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer SDBIP assists with documenting and monitoring of the Municipality's strategic plan and shows the strategic alignment between the IDP, budget and performance plans.

In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP KPI's applicable to 2017/18 in terms of the IDP strategic objectives.

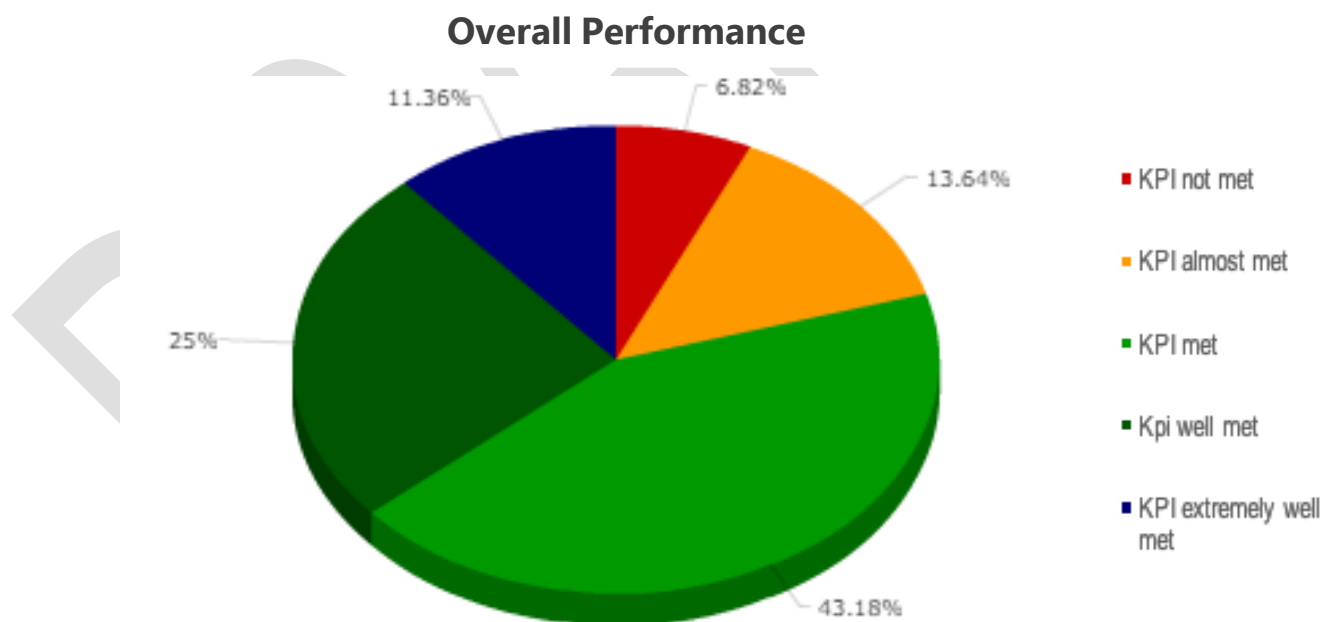
**The following table explains the method by which the overall assessment of the actual performance against the targets of the key performance indicators (KPI's) of the SDBIP are measured:**

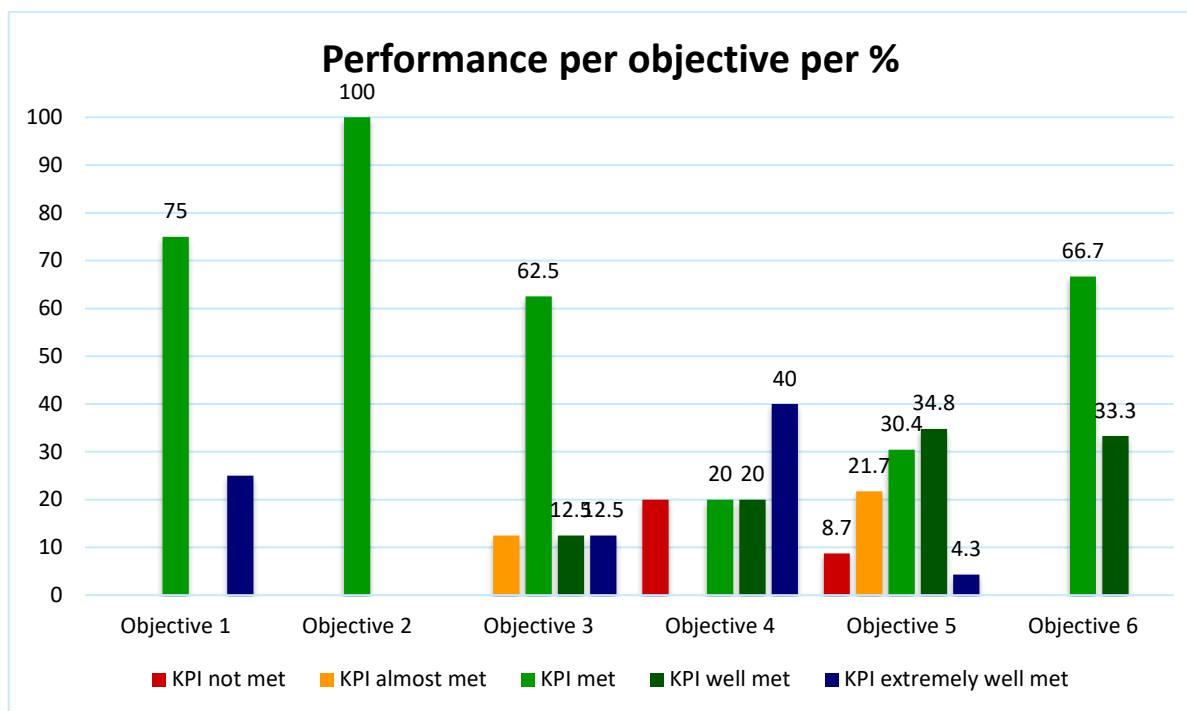
Category	Colour	Explanation
KPI Not Yet Measured		KPI's with no targets or actuals in the selected period
KPI Not Met		0% > = Actual/Target < 75%
KPI Almost Met		75% > = Actual/Target < 100%
KPI Met		Actual/Target = 100%
KPI Well Met		100% > Actual/Target < 150%
KPI Extremely Well Met		Actual/Target > = 150%

*Figure 2.: SDBIP Measurement Criteria*

#### 3.3.1 OVERALL PERFORMANCE AS PER TOP LAYER SDBIP

The overall performance results achieved by the Municipality in terms of the Top Layer SDBIP are illustrated in the tables and graphs below:





Measurement Category	Objective 1 Coordinate, facilitate and stimulate sustainable economic development through strategy, policy and programme development	Objective 2 Develop and Sustain our Spatial, Natural and Built Environment	Objective 3 Maintain sufficient organizational resources, enhance the involvement of the public in the development and decision-making processes and provide ethical and professional services to support the needs of the communities	Objective 4 Maintain sufficient revenue sources to enable the municipality to meet its constitutional obligations	Objective 5 Provide municipal basic services to meet demands of growing population and development challenges	Objective 6 Provide opportunities to officials and councilors for the development of professional and leadership skills and enhance employment equity in the organisation	Total
KPI Not Met	0	0	0	1	2	0	3
KPI Almost Met	0	0	1	0	5	0	6
KPI Met	3	1	5	1	7	2	19
KPI Well Met	0	0	1	1	8	1	11
KPI Extremely Well Met	1	0	1	2	1	0	5
<b>Total</b>	<b>4</b>	<b>1</b>	<b>8</b>	<b>5</b>	<b>23</b>	<b>3</b>	<b>44</b>

**Graph 1.: Overall Performance per Strategic Objective**

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### 3.3.2 ACTUAL PERFORMANCE OF 2017/18 AS PER TOP LAYER SDBIP ACCORDING TO STRATEGIC OBJECTIVES

#### Strategic objective 1: Coordinate, facilitate and stimulate sustainable economic development through strategy, policy and programmes development

Ref	KPI	Unit of Measurement	Wards	Actual performance 2016/17	Overall performance for 2017/18						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL10	Create temporary jobs opportunities through EPWP projects by 30 June 2018	Number of temporary job opportunities created by 30 June 2018	All	206	0	65	0	90	150	235	B
TL18	Develop an LED and Tourism Strategy and submit to Council by 31 May 2018	LED and Tourism Strategy compiled and submitted to Council by 31 May 2018	All	New key performance indicator for 2017/18	0	0	0	1	1	1	G
TL42	Establish a Local Economic Development (LED) Forum by 31 December 2017.	LED Forum established by 31 December 2017	All	New key performance indicator for 2017/18	0	1	0	0	1	1	G
TL47	Appoint a service provider to conduct a feasibility study by 30 June 2018 and source investors for the development of the Aquaculture sector	Feasibility study for the development of the Aquaculture sector completed by 30 June 2018	All	New key performance indicator for 2017/18	0	0	0	1	1	1	G

**Table 49:** Strategic objective 1: Coordinate, facilitate and stimulate sustainable economic development through strategy, policy and programme development

#### Strategic objective2: Develop and Sustain our Spatial, Natutal and Built Enviroment

Ref	KPI	Unit of Measurement	Wards	Actual performance 2016/17	Overall performance for 2017/18						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL44	Submit the reviewed Disaster Management Plan to Council by 31 March 2018	Reviewed Disaster Management Plan submitted to Council by 31 March 2018	All	1	0	0	1	0	1	1	G

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**Table 50: Strategic objective 2: Develop and sustain our spatial, natural and built environment**

**Strategic objective 3: Maintain sufficient organisational resources, enhance the involvement of the public in the development and DECISION-MAKING processes and provide ethical and professional services to support the needs of the communities**

Ref	KPI	Unit of Measurement	Wards	Actual performance 2016/17	Overall performance for 2017/18						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL16	Submit the Annual Performance Report in terms of Section 46 of the Municipal Systems Act to the Auditor-General by 31 August 2017	Report submitted to the Auditor-General by 31 August 2017	All	1	1	0	0	0	1	1	G
TL17	Submit the Draft Annual Report to Council by 31 January 2018	Draft report submitted to council by 31 January 2018	All	1	0	0	1	0	1	1	G
TL19	Draft the concept reviewed IDP and submit to Council by 31 March 2018	Reviewed draft IDP submitted to Council by 31 March 2018	All	1	0	0	1	0	1	1	G
TL34	Compile the Risk based Audit Plan for 2018/19 and submit to the Audit Committee by 30 June 2018	RBAP submitted to the Audit Committee by 30 June 2018	All	1	0	0	0	1	1	1	G
TL35	Complete planned audits in terms of the Risk Based Audit plan by 30 June 2018 {(Planned audits completed divided by the audits planned for the financial year) x100}	% of planned audits completed by 30 June 2018	All	1	10%	30%	50%	80%	80%	83%	G2
TL38	Draft the final reviewed IDP and submit to Council by 31 May 2018	Final reviewed IDP submitted by 31 May 2018.	All	1	0	0	0	1	1	1	G
TL39	Limit the vacancy rate to less than 10% of budgeted posts by 30 June 2018 {(Actual approved budgeted vacant positions / total budgeted approved posts) x100}	% Vacancy rate by 30 June 2018{(Actual approved budgeted vacant positions / total budgeted approved posts) x100}	All	5%	0%	0%	0%	10%	10%	7%	B

Ref	KPI	Unit of Measurement	Wards	Actual performance 2016/17	Overall performance for 2017/18						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL40	95% of the capital budget for Corporate Services spent by 30 June 2018 {(Actual expenditure on capital projects / total budget for capital projects) x100}	% of Corporate Services capital budget spent by 30 June 2018 {(Actual expenditure on capital projects / total budget for capital projects) x100}	All		0%	25%	70%	95%	95%	94%	O
<b>Corrective Action</b>			The municipality have implemented procurement plans which will help with the planning and monitoring of projects								

**Table 51:** *Maintain sufficient organisational resources, enhance the involvement of the public in the development and decision-making processes and provide ethical and professional services to support the needs of the communities*

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## Strategic objective 4: maintain sufficient revenue sources to enable the municipality to meet its constitutional obligations

Ref	KPI	Unit of Measurement	Wards	Actual performance 2016/17	Overall performance for 2017/18						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL13	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2018 ((Total operating revenue-operating grants received)/debt service payments due within the year))	% of debt coverage	All	10.21%	0%	0%	0%	24%	24%	37.87%	R
<b>Corrective Action</b>			In future the municipality will review the target to set a target that is more commensurate with the municipality's resources								
TL14	Financial viability measured in terms of the outstanding service debtors as at 30 June 2018 (Total outstanding service debtors/ revenue received for services)	% of outstanding service debtors	All	35.87%	0%	0%	0%	45%	45%	39.33%	B
TL15	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2018 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months it takes to cover fix operating expenditure with available cash	All	0.16	0	0	0	0.2	0.2	1.14	B

Ref	KPI	Unit of Measurement	Wards	Actual performance 2016/17	Overall performance for 2017/18						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL36	Achieve a debtor's payment percentage of 88% at 30 June 2018 (Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off / Billed Revenue x 100)	Payment % achieved at 30 June 2018	All	93.20%	0%	0%	0%	0%	88%	89.75%	G2
TL37	Submit the Annual Financial Statements for 2016/17 by 31 August 2017 to the Office of the Auditor-General	Financial statements submitted by 31 August 2017 to the Office of the Auditor-General	All	1	1	0	0	0	1	1	G

Table 1: **Strategic objective 4: Maintain sufficient revenue sources to enable the municipality to meet its constitutional obligations**

**Strategic objective 5: provide municipal basic services to meet demands of growing population and development challenges**

Ref	KPI	Unit of Measurement	Wards	Actual performance 2016/17	Overall performance for 2017/18						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL1	Number of formal residential properties that which are billed for water or have prepaid meters that is connected to the municipal water infrastructure network as at 30 June 2018	Number of residential properties which are billed for water or have pre-paid meters as at 30 June 2018	All	9 181	0	0	0	9 145	9 145	9 189	G2
TL2	Number of formal residential properties which are billed for electricity or have prepaid meters as at 30 June 2018 (excluding Eskom areas)	Number of residential properties which are billed for electricity or have pre-paid meters as at 30 June 2018 (Excluding Eskom areas)	All	11 414	0	0	0	11 180	11 180	9 771	O
<b>Corrective Action</b>			In future the municipality will review the target to set a target that is more commensurate with the municipality's resources								

Ref	KPI	Unit of Measurement	Wards	Actual performance 2016/17	Overall performance for 2017/18						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL3	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) which are billed for sewerage as at 30 June 2018	Number of residential properties which are billed for sewerage as at 30 June 2018	All	7 972	0	0	0	8 612	8 612	8 600	O
Corrective Action			In future the municipality will review the target to set a target that is more commensurate with the municipality's resources								
TL4	Number of formal residential properties which are billed for refuse removal as at 30 June 2018	Number of residential properties which are billed for sewerage as at 30 June 2018	All	9 997	0	0	0	10 330	10 330	10 035	O
Corrective Action			In future the municipality will review the target to set a target that is more commensurate with the municipality's resources								
TL5	Provide free basic water to indigent households earning less than R4500 as at 30 June 2018	Number of households receiving free basic water as at 30 June 2018	All	3 072	0	2 918	0	1 351	1 351	1 674	G 2
TL6	Provide free basic electricity to indigent households earning less than R4500 as at 30 June 2018	Number of households receiving free basic electricity as at 30 June 2018	All	3 065	0	2 918	0	535	535	623	G 2
TL7	Provide free basic sanitation to indigent households earning less than R4500 as at 30 June 2018	Number of households receiving free basic sanitation as at 30 June 2018	All	2 869	0	2 918	0	2 516	2 516	2 824	G 2
TL8	Provide free basic refuse removal to	Number of households receiving free	All	3 074	0	2 918	0	2 698	2 698	3 013	G 2

Ref	KPI	Unit of Measurement	Wards	Actual performance 2016/17	Overall performance for 2017/18						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
	indigent households earning less than R4500 as at 30 June 2018	basic refuse removal as at 30 June 2018									
TL9	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2018 {(Actual amount spent on projects / Total amount budgeted for capital projects) X100}	% of the municipal budget spent by 30 June 2018	All	89%	0	30%	60%	90%	90%	69%	O
<b>Corrective Action</b>			The Municipality received drought relieve funds very late in the financial year and has subsequently completed a roll-over application that was approved, thus the funds will be spent during the 2018/19 financial year.								
TL20	Limit unaccounted for electricity to less than 12% by 30 June 2018 {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or Generated} _ 100}	% unaccounted electricity at 30 June 2018 {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or Generated} _ 100}	All	12.40%	0%	0%	0%	12%	12%	13.19%	R
<b>Corrective Action</b>			The municipality will review the target and if necessary adjust the target in line with audit outcomes								
TL21	Limit unaccounted for water to less than 15% by 30 June 2018 {(Number of Kiloliters Water Purchased or Purified - Number of Kiloliters Water Sold) / Number of Kiloliters Water	% unaccounted water at 30 June 2018 {(Number of Kiloliters Water Purchased or Purified - Number of Kiloliters Water Sold) / Number of Kiloliters Water	All	11.60%	0%	0%	0%	15%	15%	10%	B

Ref	KPI	Unit of Measurement	Wards	Actual performance 2016/17	Overall performance for 2017/18						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
	Water Purchased or Purified _ 100}	Purchased or Purified _ 100}									
TL22	95% of water samples comply with SANS241 micro biological indicators {(Number of water samples that comply with SANS21 indicators/Number of water samples tested) x100}	% of water samples compliant	All	99.71%	95%	95%	95%	95%	95%	99.19%	G 2
TL23	Complete the new Outdoor Gym/Play Parks in Vredendal-North by 30 June 2018	Completed new Outdoor Gym/Play Parks in Vredendal-North by 30 June 2018	3;4		0	0	0	1	1	1	G
TL24	Complete the new Outdoor Gym/Play Parks in Doringbay by 30 June 2018	Completed new Outdoor Gym/Play Parks in Doringbay by 30 June 2018	2		0	0	0	1	1	1	G
TL25	Complete the new Outdoor Gym/Play Parks in Lutzville-West by 30 June 2018	Completed new Outdoor Gym/Play Parks in Lutzville-West by 30 June 2018	1		0	0	0	1	1	1	G
TL26	Complete the upgrade of Roads and Stormwater in Ebenhaeser: Olifantsdrift by 30 June 2018	Roads and stormwater upgraded in Ebenhaeser: Olifantsdrift by 30 June 2018	2		0	0	0	1	1	0.50	R
<b>Corrective Action</b>			There was an extension of time claim due to unforeseen circumstances that was unknown at the planning stage, the projected completion date is end September 2018								
TL27	Complete the upgrade of Roads and Stormwater in Nuwerus by 30 June 2018	Roads and stormwater upgraded in Nuwerus by 30 June 2018	8		0	0	0	1	1	1	G
TL28	Complete the upgrade of Roads and Stormwater in Vanrhynsdorp:M askamsig by 30 June 2018	Roads and stormwater upgraded in Vanrhynsdorp:M askamsig by 30 June 2018	7		0	0	0	1	1	1	G

Ref	KPI	Unit of Measurement	Wards	Actual performance 2016/17	Overall performance for 2017/18						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
	askamsig by 30 June 2018										
TL29	Complete the upgrade of Roads and Stormwater in Vredendal-North by 30 June 2018	Roads and stormwater upgraded in Vredendal-North by 30 June 2018	3;4		0	0	0	1	1	1	G
TL32	Refurbish the Bitterfontein Water Scheme by 30 June 2018	Refurbished Bitterfontein Water Scheme by 30 June 2018	8		0	0	0	1	1	1	G
TL33	Install electricity connections to 250 houses in Vredendal-North by 30 June 2018	Number of electricity connections installed by 30 June 2018	3;4		0	0	0	250	250	263	G 2
TL43	95% of the capital budget for Community Services spent by 30 June 2018 {(Actual expenditure on capital projects / total budget for capital projects) x100}	% of Community Services capital budget spent by 30 June 2018 {(Actual expenditure on capital projects / total budget for capital projects) x100}	All	95%	0%	25%	70%	95%	95%	55%	R
<b>Corrective Action</b>			The municipality have implemented procurement plans which will help with the planning and monitoring of projects								
TL45	90% of the parks and recreation maintenance budget spent by 30 June 2018 {(Actual expenditure on maintenance / total approved budget for maintenance) x100}	% of maintenance budget spent by 30 June 2018	All	90%	0%	30%	0%	90%	90%	73%	O
<b>Corrective Action</b>			The municipality have implemented procurement plans which will help with the planning and monitoring of projects								
TL46	90% of the refuse maintenance budget spent by 30 June 2018 {(Actual expenditure on	% of maintenance budget spent by 30 June 2018	All	90%	0%	30%	0%	90%	90%	100%	G 2

Ref	KPI	Unit of Measurement	Wards	Actual performance 2016/17	Overall performance for 2017/18					
					Targets					Actual
					Q1	Q2	Q3	Q4	Annual	
	maintenance divided by the total approved budget for maintenance) x100)									

**Table 53:** Strategic objective 5: Provide municipal basic services to meet demands of growing population and development challenges

**Strategic objective 6: provide opportunities to officials and councillors for the development of professional and leadership skills and enhance employment equity in the organisation**

Ref	KPI	Unit of Measurement	Wards	Actual performance 2016/17	Overall performance for 2017/18						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL11	Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plans at 30 June 2018	Number of people employed in the three highest levels of management as at 30 June 2018	All	1	0	0	0	1	1	1	G
TL12	The percentage of the municipality's personnel budget actually spent on implementing its workplace skills plan by 30 June 2018 [(Actual amount spent on training/total personnel budget) x100]	% of personnel budget actually spent on implementing its workplace skills plan by 30 June 2018 [(Actual amount spent on training/total personnel budget) x100]	All		0%	0%	0%	0.40%	0.40%	0.50%	G2
TL41	Submit the Work Skills Plan to Local Government SETA by 31 May 2018	Work Skills Plan submitted to LGSETA by 31 May 2018	All	1	0	0	0	1	1	1	G

**Table 54:** Strategic objective 5: Provide opportunities to officials and councillors for the development of professional and leadership skills and enhance employment equity in the organisation

### 3.4 MUNICIPAL FUNCTIONS

#### 3.4.1 ANALYSIS OF FUNCTIONS

The table below indicates the functional areas that the municipality are responsible for in terms of the Constitution:

Municipal Function	Municipal Function Yes / No
<b>Constitution Schedule 4, Part B functions:</b>	
Air pollution	MOU with WCDM
Building regulations	Yes

Municipal Function	Municipal Function Yes / No
Child care facilities	Yes
Electricity and gas reticulation	Yes
Fire Fighting services	MOU with WCDM
Local tourism	Yes
Municipal airports	Yes
Municipal planning	Yes
Municipal health services	No
Municipal public transport	Yes
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	Yes
Stormwater management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
<b>Constitution Schedule 5, Part B functions:</b>	
Beaches and amusement facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	Yes
Local amenities	Yes
Local sport facilities	Yes
Markets	Yes
Municipal abattoirs	Yes
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	Yes
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes

Municipal Function	Municipal Function Yes / No
Traffic and parking	Yes

**Table 55: Analysis of Functions**

### 3.5 SERVICE PROVIDER PERFORMANCE

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and the service provider with whom the municipality has entered into a service delivery agreement. A service provider:

Means a person or institution or any combination of persons and institutions which provide to or for the benefit of the local community.

External service provider means an external mechanism referred to in Section 76(b) which provides a municipal service for a municipality.

Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality.

During the year under review, the Municipality did not appoint any service providers who provided municipal services to or for the benefit of the local community on behalf of the Municipality and therefore this report contains no such details. All other contract appointments are regularly monitored and ensured, that the requirements of the contract are complied with.

### 3.6 COMPONENT A: BASIC SERVICES

This component includes basic service delivery highlights and challenges, including details of services provided for water, waste water (sanitation), electricity, waste management, housing services and a summary of free basic services.

#### 3.6.1 NATIONAL KEY PERFORMANCE INDICATORS – BASIC SERVICE DELIVERY

The following table indicates the Municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area: Basic Service Delivery.

KPA & INDICATORS	2016/17	2017/18
<b>Basic Service Delivery</b>		
Provide free basic water to indigent households earning less than R4500 as at 30 June 2018	3 072	1 674
Provide free basic electricity to indigent households earning less than R4500 as at 30 June 2018	3 060	623
Provide free basic sanitation to indigent households earning less than R4500 as at 30 June 2018	2 869	2 824
Provide free basic refuse removal to indigent households earning less than R4500 as at 30 June 2018	3 074	3 031
Number of formal residential properties which are billed for water or have prepaid meters that is connected to the municipal water infrastructure network as at 30 June 2018	10 199	9 189
Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) which are billed for sewerage as at 30 June 2018	8 059	8 600
Number of formal residential properties which are billed for electricity or have prepaid meters as at 30 June 2018 (excluding Eskom areas)	11 414	9 771
Number of formal residential properties which are billed for refuse removal as at 30 June 2018	9 993	10 035

**Table 56: National KPIs – Basic Service Delivery**

### 3.6.2 WATER SERVICES

#### A) INTRODUCTION

Matzikama Municipality and the whole of the Western Cape experienced an intense drought, the worst in 100 years. A local state of disaster was declared in July 2018 followed by a national declaration by the minister. The Clanwilliam Dam, which is the main source of drinking water supply to Matzikama, reached a record low level of 4%. Sustainable water supply was thus the main challenge and subsequently the primary focus for the entire duration of the financial year.

Funding was sourced and secured for the drilling and equipping of boreholes, thus breaking the dependency on the Clanwilliam Dam as the sole and main source of drinking water supply to the Matzikama towns.








Provision of bulk infrastructure also remains a priority for future development together with maintenance of existing infrastructure.

Potable water is supplied to all existing consumers and there are no basic water and sanitation service backlogs in the municipal urban area. It is a given that there might be households on the farms, in the rural areas, with existing service levels below the Reconstruction and Development Programme (RDP) standard.

It needs to be mentioned that the low-cost housing developments and the rapid expansion of towns, put enormous pressure on the limited resources of the Municipality. As a result, effective and efficient service delivery is thus tremendously challenged.

#### B) HIGHLIGHTS: WATER SERVICES

The table below specifies the highlights for the year for water services:

Highlights	Description
Drilling of boreholes	The Municipality managed to secure drought funding for drilling of boreholes:  Ebenhaeser – 3 boreholes  Koekenaap – 2 boreholes  Vredendal – 3 boreholes
Gift of the Givers donated boreholes for Klawer, Vredendal, Koekenaap and Lutzville	Boreholes were drilled:  Klawer – 2 boreholes  Lutzville – 1 borehole  Vredendal – 1 borehole  Koekenaap – 1 borehole
Raw Water Storage Dam	The Municipality supply and installation of 1ML raw water storage dam for Koekenaap

**Table 57: Highlights: Water Services**

#### C) CHALLENGES: WATER SERVICES

The challenges for the year were as follows:

Description	Actions to address
Severe drought in Matzikama and entire Western Cape	Source funding for drilling and equipping of boreholes
Limited raw water sources (dependency on Clanwilliam Dam as main water source)	Source funding for drilling of boreholes to break dependency on Clanwilliam Dam
Maintenance on LORWUA canal and subsequent standing times of canal	Funding to increase storage capacity for drinking water is still being investigated

**Table 58: Challenges: Water Services**

#### D) WATER SERVICES STATISTICS

Economic activities in the municipal area include agriculture, processing of agricultural products, mining, fishing and tourism. Water supply by the Municipality is driven primarily by domestic water demand and business and industrial consumers in the towns. Vredendal is by far the largest town in the area and is also centrally located, rendering it the logical economic and administrative centre. Vanrhynsdorp, Klawer and Lutzville could be regarded as secondary towns

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with established business districts. Addressing the housing backlog in the municipal area is the main driver of increasing water demand.

The table below indicate the water use by sector

Total Use of Water by Sector (kl)				
Year	Agriculture	Forestry	Industrial	Domestic
2016/17	0	0	1 294 974	3 279 001
2017/18	0	0	564 762	1 784 966

**Table 59: Total Use of Water by Sector**

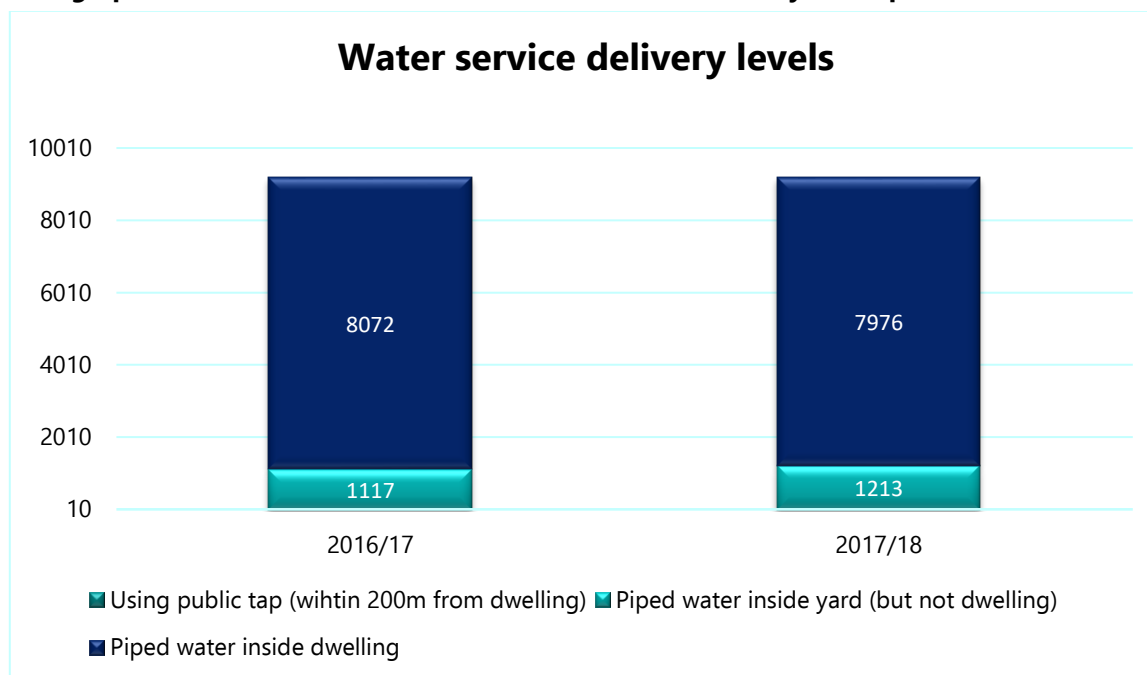
### E) WATER SERVICES SERVICE DELIVERY LEVELS

The table below specifies the different water service delivery levels per households for the financial years 2016/17 and 2017/18:

Number of Households		
Description	2016/17	2017/18
<b><u>Water:</u> (above min level)</b>		
Piped water inside dwelling	8 072	7 976
Piped water inside yard (but not in dwelling)	1 117	1 213
Using public tap (within 200m from dwelling)	0	0
Other water supply (within 200m)	0	0
<b><i>Minimum Service Level and Above sub-total</i></b>	<b><i>9 189</i></b>	<b><i>9 189</i></b>
<b><i>Minimum Service Level and Above Percentage</i></b>	<b><i>100</i></b>	<b><i>100</i></b>
<b><u>Water:</u> (below min level)</b>		
Using public tap (more than 200m from dwelling)	0	0
Other water supply (more than 200m from dwelling)	0	0
No water supply	0	0
<b><i>Below Minimum Service Level sub-total</i></b>	<b><i>0</i></b>	<b><i>0</i></b>
<b><i>Below Minimum Service Level Percentage</i></b>	<b><i>0</i></b>	<b><i>0</i></b>
<b>Total number of households</b>	<b>9 189</b>	<b>9 189</b>

**Table 60: Water Services Service Delivery Levels**

The graph below illustrates the different water service delivery levels per total households:



**Graph 2.: Water Services Service Delivery Levels**

Potable water is supplied to all existing consumers and there are no basic water and sanitation service backlogs in the urban areas of the Municipality. All the formal households in the urban areas are provided with water connections and waterborne sanitation facilities inside the houses (higher level of service). Communal ablution facilities are provided in the informal areas as a temporary emergency service.

The Municipality works towards providing all households with a water connection inside the house and connecting all households to a waterborne sanitation system. The Municipality is faced with various challenges with regard to the provision of services on private owned land in a financial sustainable manner.

#### F) CAPITAL EXPENDITURE: WATER SERVICES

The table below indicates the capital expenditure relating to Water Services:

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Construction of boreholes: Ebenhaeser	0	7 031 292	718 938	6 312 354	718 938
Construction of boreholes: Vredendal	0	2 000 000	718 959	1 281 041	718 959
Dumpy level, tripod, staff	10 000	5 586	5 586	0	5 586
Hand radios and chargers	10 000	10 000	0	10 000	0
Generator	15 000	8 772	7 468	1 304	7 468
High pressure spray for vehicles	20 000	20 000	13 500	6 500	13 500
Extension petrol saw	25 000	0	0	0	0
Furniture and equipment	25 000	66 250	64 394	1 856	64 394
Mobile water pumps	25 000	25 000	18 650	6 350	18 650
Two weed eaters	30 000	30 000	23 282	6 719	23 282
Upgrade of chlorine gas store: Public Works, Vredendal	50 000	36 500	16 500	20 000	16 500
Fencing reservoir: Strandfontein	60 000	120 000	93 429	26 571	93 429
Replace galvanised pipes: Engen pump station	60 000	48 296	0	48 296	0

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Replace Ebenhaeser, Water Treatment Works pipes	80 000	80 000	0	80 000	0
Signage for plants (vides)	80 000	0	0	0	0
Upgrade of chlorine dosing systems	100 000	22 640	22 640	0	22 640
Water canon for sport fields	100 000	0	0	0	0
Water and sewerage test apparatus	180 000	180 000	138 923	41 077	138 923
Fire extinguishers	200 000	0	0	0	0
Radio tower: Bitterfontein	200 000	200 000	0	200 000	0
Valves (75mm - 300mm)	200 000	200 000	172 920	27 080	172 920
Repair and seal of reservoir: Strandfontein	300 000	300 000	0	300 000	0
Pumps Matzikama Towns	400 000	559 292	64 107	495 185	64 107
Bitterfontein: Refurbishment of Bitterfontein scheme	10 000 000	10 000 000	10 000 000	0	10 000 000
Koekenaap: Drilling and equipping three boreholes	0	2 540 000	517 534	2 022 466	517 534
Raw water storage dam (Koekenaap)	0	300 000	264 200	35 800	264 200
Strandfontein: re-equipping of two existing boreholes	0	900 000	31 694	868 306	31 694
Telemetry for pump stations	0	150 000	141 448	8 552	141 448
Upgrade 300mm diameter Water supply: Vredendal	0	200 000	150 855	49 145	150 855
Vredendal: Drilling and equipping of boreholes: Area 1	0	4 187 000	0	4 187 000	0
<b>Total</b>	<b>12 170 000</b>	<b>29 220 628</b>	<b>13 185 027</b>	<b>16 035 601</b>	<b>13 185 027</b>

Table 61: Capital Expenditure: Water Services

### 3.6.3 WASTE WATER (SANITATION) SERVICES

#### A) INTRODUCTION

Provision of bulk infrastructure still remains a priority for future development, together with maintenance of existing infrastructure.

Sanitation services are supplied to all existing consumers and there are no basic sanitation service backlogs in the urban areas of the Municipality. It is a given that there might be households on the farms in the rural areas with existing service levels below RDP standard.

It must be mentioned that the low-cost housing developments and the rapid expansion of towns, put enormous pressure on the limited resources of the Municipality. As a result, effective and efficient service delivery is thus tremendously challenged.

#### B) HIGHLIGHTS: WASTE WATER (SANITATION) SERVICES

The highlights for the year were as follows:

Highlights	Description
Lutzville Waste Water Treatment Works (WWTW)	The oxidation ponds at Lutzville were upgraded

Highlights	Description
Lutzville – West	New irrigation facility and dosing system for sports fields were installed
Vredendal South Waste Water Treatment Works (WWTW)	New cost-effective chlorine dosing system was installed
New telemetry systems	New telemetry systems installed at four sewer pump stations

**Table 62: Highlights: Waste Water (Sanitation) Services**

### C) CHALLENGES: WASTE WATER (SANITATION) SERVICES

The following challenges are experienced:

Description	Actions to address
Vredendal South WWTW operating above capacity	Plans and funding for upgrade are currently being investigated
Overflowing oxidation ponds in Koekenaap, Ebenhaeser, Strandfontein and Doring Bay	Implement the irrigation facility
Service of conservancy tank in Papendorp	Upgrade to oxidation ponds
Maintenance of sewer pump station due to lack of skills and resources	Obtain skills and funding for upgrade of sewer pump stations

**Table 63: Challenges: Waste Water (Sanitation) Services**

### D) WASTE WATER SERVICES (SANITATION) SERVICE DELIVERY LEVELS

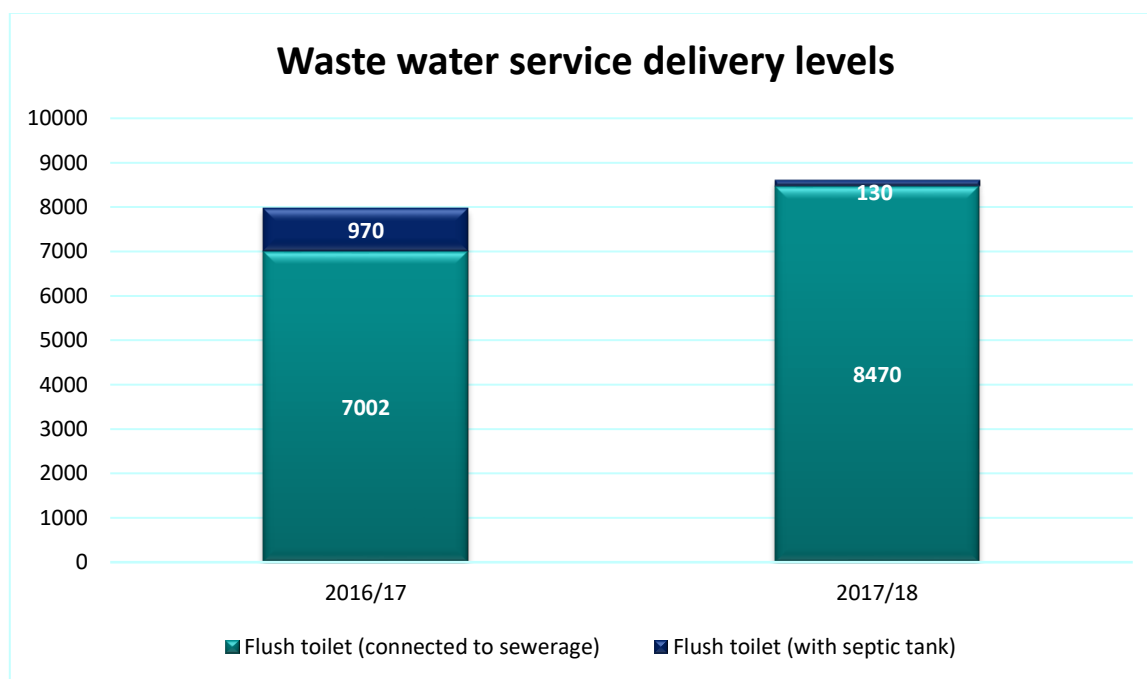
The table below specifies the different sanitation service delivery levels per households for the financial years 2016/17 and 2017/18:

Number of Households		
Description	2016/17	2017/18
<b><i>Sanitation/sewerage: (above minimum level)</i></b>		
Flush toilet (connected to sewerage)	7 002	8 470
Flush toilet (with septic tank)	970	130
Chemical toilet	0	0
Pit toilet (ventilated)	0	0
Other toilet provisions (above min. service level)	0	0
<b><i>Minimum Service Level and Above sub-total</i></b>	<b><i>7 972</i></b>	<b><i>8 600</i></b>
<b><i>Minimum Service Level and Above Percentage</i></b>	<b><i>100</i></b>	<b><i>100</i></b>
<b><i>Sanitation/sewerage: (below minimum level)</i></b>		
Bucket toilet	0	0
Other toilet provisions (below min. service level)	0	0
No toilet provisions	0	0
<b><i>Below Minimum Service Level sub-total</i></b>	<b><i>0</i></b>	<b><i>0</i></b>
<b><i>Below Minimum Service Level Percentage</i></b>	<b><i>0</i></b>	<b><i>0</i></b>
<b>Total households</b>	<b>7 972</b>	<b>8 600</b>

**Table 64: Waste Water Services (Sanitation) Service Delivery Levels**

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The graph below illustrates the different sanitation service delivery levels per total households:



**Graph 3.: Waste Water (Sanitation) Services service Delivery Levels**

### E) EMPLOYEES: WATER SERVICES AND WASTE WATER (SANITATION) SERVICES

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (budgeted posts)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	6	3	3	50
4 - 6	6	31	31	0	0
7 - 9	0	4	4	0	0
10 - 12	1	2	2	0	0
13 - 15	0	0	0	0	0
<b>Total</b>	<b>10</b>	<b>43</b>	<b>40</b>	<b>3</b>	<b>50</b>

*Employees and Posts numbers are as at 30 June.*

**Table 65: Employees: Water and Sanitation Services**

### F) CAPITAL EXPENDITURE: WASTE WATER (SANITATION) SERVICES

The table below indicates the capital expenditure relating to waste water services:

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Rods	15 000	5 000	0	5 000	0
Washing machines: Sewerage Works	20 000	15 263	15 263	0	15 263
Fencing sewerage pump station: Vredendal	30 000	30 000	26 642	3 358	26 642
Fencing sewerage pump station: Klawer	50 000	25 000	26 233	1 233	26 233
Fencing Waste Water Treatment Works: Rietpoort	60 000	0	0	0	0

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Monitoring boreholes for Waste Water Treatment Works	275 000	0	0	0	0
Sewerage pumps Matzikama towns	300 000	501 641	398 602	103 039	398 602
Install bulk sewer line: Klawer, Main Road	0	150 000	0	150 000	0
Upgrading: Lutzville WWTW	0	2 261 551	2 273 567	12 016	2 273 567
Rods	15 000	5 000	0	5 000	0
<b>Total</b>	<b>750 000</b>	<b>2 988 455</b>	<b>2 740 306</b>	<b>248 149</b>	<b>2 740 306</b>

**Table 66: Capital expenditure: Waste Water (Sanitation) Services**

### 3.6.4 ELECTRICITY SERVICES

#### A) INTRODUCTION

The provision of basic electricity services to all households in the municipal area is the focus of the electricity department. The Municipality strives to deliver to all consumer's a quality and reliable electricity supply as stipulated in national legislation (NRS 048). Supply voltage is kept to 230V ( $\pm 10\%$ ) for single phase supplies and 400V ( $\pm 10\%$ ) for three phase supplies.

The Municipality closely monitors illegal connection and meter tampering. Faulty meters are continuously replaced after verification.

Maintenance of the electricity network in the ESKOM supplied areas is still a major challenge, but is currently being looked at.

#### B) HIGHLIGHTS: ELECTRICITY SERVICES

The table below specifies the highlights for the year:

Highlights	Description
Polapark, Vredendal North: Supply of electricity to 268 houses	The electrification of the housing project was done in-house and as a result, 62 additional houses could be connected. The project was completed successfully and well ahead of schedule
Vredendal: Upgrade of High Voltage lines	The upgrade of high voltage lines were done in-house and resulted in a substantial cost for the Municipality
Strandfontein: New installations	The caravan sites in Strandfontein were upgraded and received new electricity supply connections. The work was conducted by in-house teams

**Table 67: Highlights: Electricity Services**

#### C) CHALLENGES: ELECTRICITY SERVICES

The following challenges are experienced:

Description	Actions to address
Lack of maintenance on electricity network in ESKOM areas	Request to take over ESKOM supply areas
Illegal connections and meter tampering	Installation of meters and off-site monitoring of usage
Electricity losses	Upgrade of bulk meters and monitoring of usage

**Table 68: Challenges: Electricity Services**

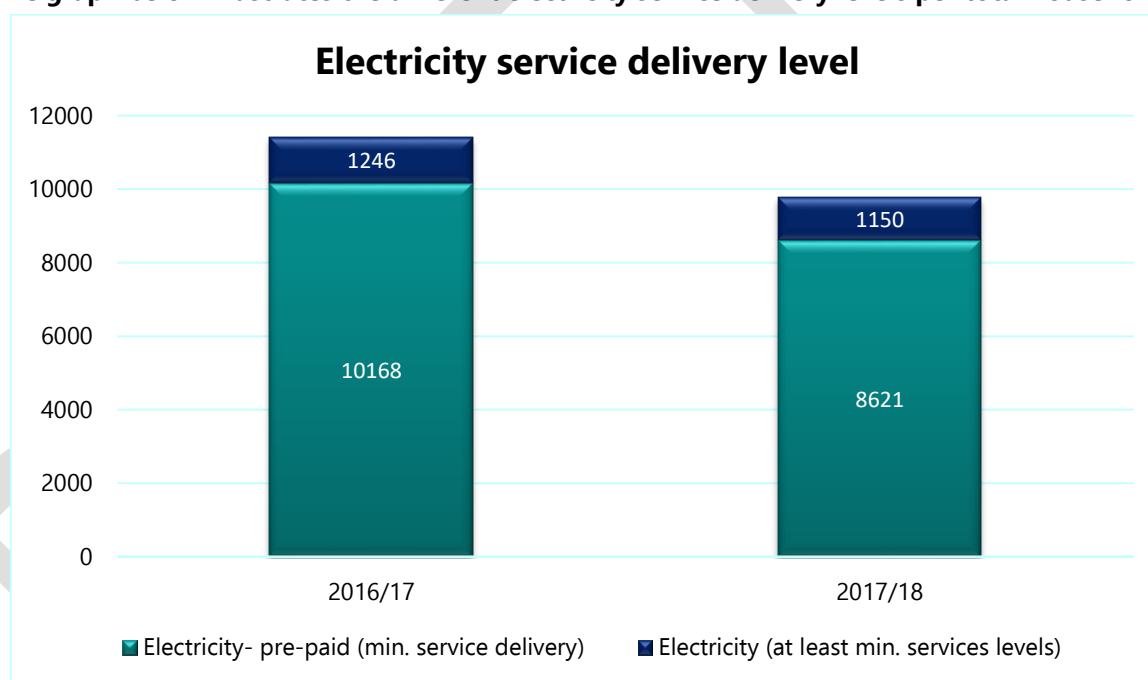
#### D) ELECTRICITY SERVICE DELIVERY LEVELS

The table below specifies the different electricity service delivery levels per households for the financial years 2016/17 and 2017/18:

Number of Households		
Description	2016/17	2017/18
<b><i>Energy: (above minimum level)</i></b>		
Electricity (at least min.service level)	1 246	1 150
Electricity - prepaid (min.service level)	10 168	8 621
<b><i>Minimum Service Level and Above sub-total</i></b>	<b><i>11 414</i></b>	<b><i>9 771</i></b>
<b><i>Minimum Service Level and Above Percentage</i></b>	<b><i>100</i></b>	<b><i>100</i></b>
<b><i>Energy: (below minimum level)</i></b>		
Electricity (< min.service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	0	0
<b><i>Below Minimum Service Level sub-total</i></b>	<b><i>0</i></b>	<b><i>0</i></b>
<b><i>Below Minimum Service Level Percentage</i></b>	<b><i>0</i></b>	<b><i>0</i></b>
<b>Total number of households</b>	<b>11 820</b>	<b>9 771</b>

Table 69: Electricity Services Service Delivery Levels

The graph below illustrates the different electricity service delivery levels per total households:



Graph 4.: Electricity Services Service Delivery Levels

#### E) EMPLOYEES: ELECTRICITY SERVICES

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (budgeted posts)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	4	6	0	0	0
4 – 6	11	15	15	0	0
7 – 9	5	5	4	1	20

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (budgeted posts)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
10 - 12	5	5	5	0	0
13 - 15	3	2	2	0	0
<b>Total</b>	<b>28</b>	<b>34</b>	<b>27</b>	<b>1</b>	<b>20</b>

*Employees and Posts numbers are as at 30 June.*

**Table 70: Employees: Electricity Services****F) CAPITAL EXPENDITURE: ELECTRICITY SERVICES**

The table below indicates the capital expenditure relating to Electricity Services:

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Strandfontein: Power outlets upgrade	50 000	50 000	0	50 000	0
Luzaanweg: High voltage upgrade	100 000	100 000	0	100 000	0
Vredendal North: electricity connection 250 houses	3 000 000	2 189 846	2 189 846	0	2 189 846
<b>Total</b>	<b>3 150 000</b>	<b>2 339 846</b>	<b>2 189 846</b>	<b>150 000</b>	<b>2 189 846</b>

**Table 71: Capital Expenditure: Electricity Services****3.6.5 WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)****A) INTRODUCTION**

Matzikama Municipality have landfill sites in Vredendal, Klawer, Vanrhynsdorp, Lutzville, Strandfontein, Doring Bay, Ebenhaeser, Bitterfontein, Rietpoort, Kliprand and Nuwerus.

Vredendal is currently used as the main landfill site for household refuse. Waste from the surrounding towns is transported to Vredendal for disposal. Earthmoving plant equipment are hired from external service providers for covering of service material and other related maintenance on the landfill sites.

The 3<sup>rd</sup> Generation Integrated Waste Management Plan has been developed and will be presented to Council for approval prior to implementation.

Matzikama and Cederberg Municipalities signed an agreement for the establishment of a regional landfill site that will service both municipalities. The establishment of such landfill site is funded and managed by West Coast District Municipality.

**B) HIGHLIGHTS: WASTE MANAGEMENT**

The table below specifies the highlights for the year:

Highlights	Description
Waste Management Officer	A dedicated Waste Management Officer was appointed by Council
Registration on IPWIS system	All landfill sites were registered in IPWIS for monthly reporting of waste received
Waste characterization study	Fifteen (15) matriculants from the Vredendal Secondary School received training on waste streams and waste characterization

**Table 72: Highlights: Waste Management**

### C) CHALLENGES: WASTE MANAGEMENT

The table below specifies the challenges for the year:

Description	Actions to address
Illegal activities	Prevent burning of waste by covering waste and ensure proper supervision on all landfill sites
Vandalism	Budget provision to hire in security personnel for protection of infrastructure and equipment
Lack of equipment	Budget provision to advertise tender for the hire in of earthmoving plant and equipment

**Table 73: Challenges: Waste Management**

### D) WASTE MANAGEMENT SERVICE DELIVERY LEVELS

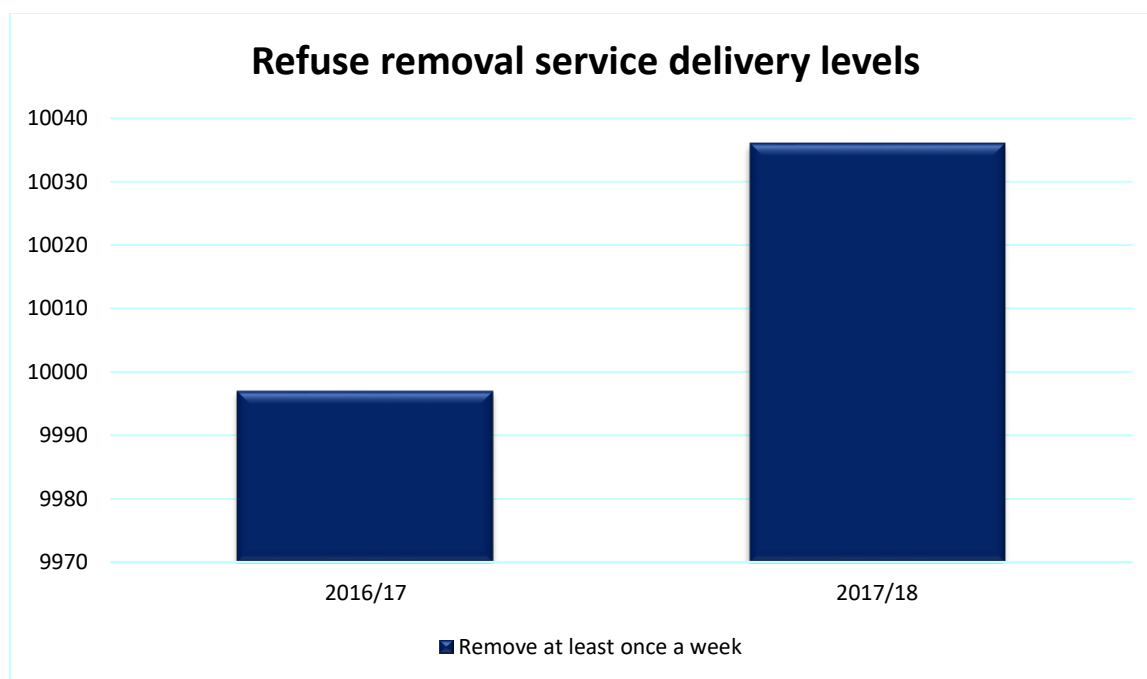
The table below specifies the different waste management (refuse removal) service delivery levels per households for the financial years 2016/17 and 2017/18:

Number of Households		
Description	2016/17	2017/18
<b><i>Solid Waste Removal: (Minimum level)</i></b>		
Removed at least once a week	9 997	10 035
<b><i>Minimum Service Level and Above sub-total</i></b>	<b><i>9 997</i></b>	<b><i>10 035</i></b>
<b><i>Minimum Service Level and Above percentage</i></b>	<b><i>100</i></b>	<b><i>100</i></b>
<b><i>Solid Waste Removal: (Below minimum level)</i></b>		
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	0	0
No rubbish disposal	0	0
<b><i>Below Minimum Service Level sub-total</i></b>	<b><i>0</i></b>	<b><i>0</i></b>
<b><i>Below Minimum Service Level percentage</i></b>	<b><i>0</i></b>	<b><i>0</i></b>
<b>Total number of households</b>	<b>9 993</b>	<b>10 035</b>

**Table 74: Waste Management (Refuse Removal) Service Delivery Levels**

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The graph below illustrates the different waste management service delivery levels per total households:



**Graph 5.: Waste Management (Refuse removal) Services Service Delivery Levels**

### E) EMPLOYEES: WASTE MANAGEMENT

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (budgeted posts)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	16	6	41	0	0
4 – 6	1	4	4	0	0
7 – 9	4	7	5	2	29
10 – 12	0	2	2	0	0
13 – 15	0	0	0	0	0
<b>Total</b>	<b>21</b>	<b>19</b>	<b>52</b>	<b>2</b>	<b>29</b>

*Employees and Posts numbers are as at 30 June.*

**Table 75: Employees: Waste Management**

### F) CAPITAL EXPENDITURE: WASTE MANAGEMENT

The table below indicates the capital expenditure relating to waste management services.

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>R'000</b>					
Fencing of Klawer landfill site	200 000	200 000	0	200 000	0
Fifty refuse bins	200 000	200 000	147 200	52 800	147 200
Containers at waste sites	0	60 000	0	60 000	0
Refuse truck	0	550 000	0	550 000	0

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total	400 000	1 010 000	147 200	862 800	147 200

Table 76: Capital Expenditure: Waste Management

### 3.6.6 HOUSING

#### A) INTRODUCTION

The Municipality has embarked on a program to create the necessary infrastructure to sustain future housing projects. Our objective is to eradicate informal settlements and to provide every household with a basic service which include a toilet, electricity and water.

#### B) HIGHLIGHTS: HOUSING

The table below specifies the highlights for the year:

Highlights	Description
Doring Bay: 74 UISP project	66 Title deeds for Doring Bay was successfully registered during the title deeds restoration program
Klawer: Title deeds	270 Title deeds was registered for Klawer
Vredendal-North 278 project	55 Title deeds was successfully registered for Vredendal-North 278 project

Table 77: Highlights: Housing

#### C) CHALLENGES: HOUSING

The challenges experienced are as follow:

Description	Actions to address
Housing waiting list backlog	The removal of unlawful informal structures in the informal settlements
Management in the informal settlements in the municipal area	Municipal Manager must consider making use of the Informal Settlements Support Programme (ISSP) & Rapid Appraisal process

Table 78: Challenges: Housing

#### D) HOUSING: SERVICE STATISTICS

The table below indicates that 91% of the households in the municipal area are living in formal settlements:

Percentage of households with access to basic housing			
Financial year	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2016/17	11 775	10 639	90
2017/18	12000	10 887	91

Table 79: Access to Housing

#### E) HOUSING WAITING LIST

The following table indicates the decrease in the number of housing units on the waiting list from 2016/17 to 2017/18:

Financial year	No of housing units on waiting list	% Housing waiting list increase/(decrease)
2016/17	8 899	(1)

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Financial year	No of housing units on waiting list	% Housing waiting list increase/(decrease)
2017/18	9 299	4%

**Table 80: Housing Waiting List**

## F) EMPLOYEES: HOUSING

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (budgeted posts)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	6	0	0	0
4 - 6	0	0	0	0	0
7 - 9	2	0	0	0	0
10 - 12	0	3	3	0	0
13 - 15	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>9</b>	<b>3</b>	<b>0</b>	<b>0</b>

*Employees and Posts numbers are as at 30 June.*

**Table 81: Employees: Housing**

## 3.6.7 FREE BASIC SERVICES AND INDIGENT SUPPORT

The table indicates the percentage of indigent households that have access to free basic municipal services. In accordance with the approved indigent policy of the Municipality, all households earning less than R4 750 per month will receive free basic services as per the Municipality's Indigent Policy.

The table, furthermore, indicates the total number of indigent households and other households that received free basic services in the past two financial years:

Year	Number of households								
	Total	Households earning less than R4 750 per month							
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Access	%	Access	%	Access	%	Access	%
2016/17	15 014	3 072	20.5	2 869	19.1	3 065	20.3	3 074	20.5
2017/18	15 589	3 052	19.57	2 751	17.65	3 052	19.57	3 052	19.57

**Table 82: Free Basic Services to Low Income Households**

The access to free basic services is summarised into the different services as specified in the following table:

Electricity									
Financial year	Indigent Households			Non-indigent households			Households in Eskom areas		
	No of HH	Unit per HH (kwh)	Value	No of HH	Unit per HH (kwh)	Value	No of HH	Unit per HH (kwh)	Value
			R'000			R'000			R'000
2016/17	3 065	50	1 615	9 967	0	0	2 287	0	0
2017/18	3 052	50	1 671	10 250	0	0	2 287	0	0

**Table 83: Free Basic Electricity**

Water									
Financial year	Indigent Households				Non-indigent households				

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	No of HH	Unit per HH (kl)	Value	No of HH	Unit per HH (kl)	Value
			R'000			R'000
2016/17	3 072	10	2 127	5 514	6	2 290
2017/18	3 052	10	2 205	4 968	6	2 648

**Table 84: Free Basic Water**

Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No of HH	R value per HH	Value	No of HH	Unit per HH per month	Value
			R'000			R'000
2016/17	2 869	153.27	5 114	8 365	0	0
2017/18	2 751	163.16	5 386	5 864	0	0

**Table 85: Free Basic Sanitation**

Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No of HH	Service per HH per week	Value	No of HH	Unit per HH per month	Value
			R'000			R'000
2016/17	3 074	1	4 332	6919	0	0
2017/18	3 052	1	4 819	6 984	0	0

**Table 86: Free Basic Refuse Removal**

## 3.7 COMPONENT B: ROAD TRANSPORT

### 3.7.1 ROADS AND STORMWATER

#### A) INTRODUCTION

The average condition of the road network within the municipal area can be rated as fair to poor. To restore the existing condition of the roads, the Municipality will have to budget extensively over the next few years. Routine maintenance, for example patching of potholes, replacement of curbs and cleaning of storm water networks, is done by the maintenance team of the Municipality. Gravel roads are graded monthly to ensure that it remain in a fair and serviceable condition.

The priorities for the Municipality are to maintain existing tarred roads by means of re-sealing and to construct new paved roads (upgrading of existing gravel roads) that include stormwater systems. Maintenance of roads is funded by the Municipality and construction of new paved roads, by the Municipal Infrastructure Grant (MIG). Technical reports for such construction / upgrades are compiled, submitted and prioritised for implementation.

Storm water Master Plans need to be developed for all the towns within the municipal area as informal settlements were allocated to areas where there is no stormwater drainage.

#### B) HIGHLIGHTS: ROADS AND STORMWATER

The table below specifies the highlights for the year:

Highlights	Description
Vanrhynsdorp	Upgrade of existing roads and new stormwater
Vredendal	Upgrade of existing roads
Nuwerus	Upgrade of existing roads and new stormwater
Maintenance of roads	Extensive pothole repairs were done, as well as slurry of roads

**Table 87: Highlights: Roads and Stormwater**

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## C) CHALLENGES: ROADS AND STORMWATER

The challenges experienced are as follows:

Description	Actions to address
Aged infrastructure	Source funding to upgrade infrastructure
Lack of funding for maintenance	Source funding for maintenance
Grading of roads	Outsource the function

**Table 88: Challenges: Roads and Stormwater**

## D) ROADS AND STORMWATER STATISTICS

The tables below specify that there are 85.41 kilometers of gravel roads and 118 kilometers of tarred roads in the municipal area:

Gravel Road Infrastructure: Kilometres				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar (paving)	Gravel roads graded/maintained
2016/17	88.47	0	1.60	55.60
2017/18	85.41	0	3.06	80.00

**Table 89: Gravel Road Infrastructure**

Tarred Road Infrastructure: Kilometres					
Year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2016/17	118	0	0	0	118
2017/18	118	0	0	0	118

**Table 90: Tarred Road Infrastructure**

The tables below specify that there are 25 kilometers of stormwater channels in the municipal area:

Stormwater Infrastructure: Kilometres				
Year	Total Stormwater measures	New Stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2016/17	25	1.38	0	25
2017/18	25	0.25	1.15	25

**Table 91: Stormwater Infrastructure**

The table below specifies the costs involved for the maintenance and construction of roads within the municipal area:

Financial year	New & Replacements	Resealed	Maintained
	R'000		
2016/17	7 892		3 563
2017/18	19 008		2 057

\* All these costs are allocated to one vote fund on our financial system

**Table 92: Cost of Construction/ Maintenance of Roads**

## E) EMPLOYEES: ROADS

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (budgeted posts)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	48	6	21	1	17
4 – 6	7	9	9	0	0
7 – 9	3	7	7	0	0
10 – 12	6	8	7	1	13
13 – 15	0	0	0	0	0
<b>Total</b>	<b>65</b>	<b>33</b>	<b>47</b>	<b>2</b>	<b>29</b>
<i>Employees and Posts numbers are as at 30 June.</i>					

**Table 93: Employees: Roads**

## F) EMPLOYEES: STORMWATER

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (budgeted posts)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	48	6	21	1	17
4 – 6	7	9	9	0	0
7 – 9	3	7	7	0	0
10 – 12	6	8	7	1	13
13 – 15	0	0	0	0	0
<b>Total</b>	<b>65</b>	<b>33</b>	<b>47</b>	<b>2</b>	<b>29</b>
<i>Employees and Posts numbers are as at 30 June.</i>					

**Table 94: Employees Stormwater**

## F) CAPITAL EXPENDITURE: ROADS AND STORMWATER

The table below indicates the capital expenditure relating to roads and stormwater:

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>R'000</b>					
Concrete mixer	27 000	17 500	17 500	0	17 500
Tractor with haul scraper: Lutzville	35 000	22 900	22 900	0	22 900
Roof at workshop: Klawer	70 000	0	0	0	0
Machinery and equipment (drill and grinder)	81 000	81 000	44 916	36 084	44 916
Kerb-stones: Jakaranda Street and Nieuwoudt Street	100 000	0	0	0	0
Stormwaterpipes: Main Street, Vredendal	100 000	0	0	0	0

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Stormwaterpipes: Nieuwoudt Street	100 000	0	0	0	0
Construct offices: Lutzville	150 000	150 000	12 117	137 883	12 117
Bomag roller and trailer	250 000	200 000	0	200 000	0
Install storm waterpipes: Parkweg, Lutzville	600 000	600 000	520 236	79 764	520 236
Reseal of streets	600 000	600 000	0	600 000	0
Ebenhaeser: upgrade roads and stormwater in Olifantsdrift	1 080 000	1 049 466	1 049 466	0	1 049 466
Vredendal North: upgrade roads and stormwater	5 328 493	5 328 493	5 328 494	1	5 328 494
Nuwerus: upgrade roads and stormwater	5 500 000	6 019 895	6 019 895	0	6 019 895
Vanrhynsdorp: upgrade roads and stormwater in Maskamsig	7 100 000	6 610 639	6 610 639	0	6 610 639
Construct offices Vredendal	0	70 000	28 658	41 342	28 658
<b>Total</b>	<b>21 121 493</b>	<b>20 749 893</b>	<b>19 654 820</b>	<b>1 095 073</b>	<b>19 654 820</b>

**Table 95: Capital Expenditure: Roads and Stormwater**

### 3.8 COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT









The planning and building control function of the Municipality include the effective and efficient processing of land development and building plan applications according to the requirements and obligations of applicable legislation, as well as enforcements regarding unauthorized development and building work. It also includes the effective implementation of the Spatial Development Framework for Matzikama Municipality (SDF) and other planning related strategies and/or policies to ensure that development within the Municipal area are according to statutory regulations and policy guidelines for an orderly, harmonious and sustainable built environment.

#### 3.8.1 PLANNING AND BUILDING CONTROL

This division must provide an efficient and effective service to the public by developing policies and standard operating procedures, appoint qualified staff with the relevant knowledge and implement relevant legislation within the Municipal area.

##### A) HIGHLIGHTS: PLANNING AND BUILDING CONTROL

Achievements for the 2017/18 financial year include the following:

-  The first phase of the Revision Project with regards to Tuck Shop within the Municipality have been completed and the second phase has already commenced to inform various tuck shop owners the outcome of phase one and to stipulate an operation cease deadline.
-  The existing By-Law with regards to Tuck Shops within the Municipal area have been revised and approved by Council.
-  The moratorium placed by Council on the processing of Tuck Shops has been lifted.
-  Various meetings were held with Tuck Shop- and Landowners (where the Tuck Shop is operating) to discuss the reasons for non-compliance, the consequences and the way forward.
-  The Municipality successfully amended the Spatial Development Framework (SDF) inhouse.
-  The Reviewed Matzikama SDF was workshopped, together with the IDP process, with each ward.
-  Intergovernmental relations with the Department of Environmental Affairs and Development Planning (DEADP) improved and DEADP visited this office quarterly for training regarding best practices within the built environment.
-  There are now three registered planners at the South African Council for Planners (SACPLAN) in terms of the Planning Profession Act, 2002 (No 36 of 2002) employed by the Municipality.

- The new wing for the Building Control Section of the Municipality located at the main municipal building, nears completion.

## Measures taken to improve performance include:



- Funds from the Western Cape Department of Economic Development and Tourism were obtained to purchase the electronic building control module which form part of the Collaborator Document System.
- Attendance of the Municipal Heads Planning Forum quarterly to learn from best practices of other municipalities in the Western Cape Province regarding the latest planning legislation and interpretation thereof.
- Enforcement of the requirements as stipulated in applicable legislation to improve the standard of building and land development applications. It was and still is a challenging hurdle, but the benefit of the labour has been achieved.
- The organigram has been revised to include more capacity.
- Continuous update of the GIS data base with new information when available, for the use by the Town Planning Section of the Municipality. It's made available to enable the Municipality to provide meaningful comments on applications and to make informed decisions.
- DEADP was requested to provide assistance to write planning reports on land development applications that is ready for report writing.
- Working together with other internal departments for assistance to move the Building Control Division Offices to the Head Office to enhance teamwork and service delivery.
- Receiving only building plan applications accompanied by proof that the development adheres to other relevant legislation.
- A new Building Inspector has been employed by the Municipality and a notice for an additional Building Inspector has been published in the media.
- The land use, which forms part of the Collaborator Document System, has been purchased by the Municipality and should be implemented soon.
- Communication and cooperation with internal departments of the Municipality has been improved.
- The current building inspector has retired but is employed by the Municipality as a consultant to train the new building inspectors and to transfer knowledge.
- Revising of the trading hours and –days for the sale of liquor.

## B) CHALLENGES: PLANNING AND BUILDING CONTROL

To improve performance and service delivery to the community and enhance the revenue of the Municipality the following must be accomplished:

- Successful implementation of the electronic Land Development and Building Control Collaborator Document System in cooperation with the applicants, draughtsmen, architects, et cetera.
- Obtaining funds to purchase / install the planning portal to limit time consuming processes currently completed manually so that planners can do their planning tasks.
- Working according to prior scheduled appointments to enhance productivity within office hours.
- Establishment of a reception desk with relevant knowledge for building- and planning applications.
- Appointing an additional building inspector to ensure service delivery within the Matzikama municipal area.
- Improving inter-governmental relations with all the relevant departments to also ensure that comments/approvals regarding applications were received within the legal timeframes so that this office can make an informed decision.
- Finding a solution to adhere to the newly continuous professional development (CPD) points system adopted by SACPLAN that put extra pressure on the registered planners and the Municipality so that it will not have a negative impact on service delivery. Few accredited short and training courses are available, and the Municipality is located 300km from the nearest university.
- Addressing the basic environmental and coastal management functions due to the vacancy of an Environmental Control Official.
- Addressing law enforcement procedures in the absence of a dedicated qualified law enforcement official regarding environmental-, land development- and building control, as well as liquor and trading legislation.
- Addressing the back log in the Planning Section due to a virus attack of the Collaborator File Management System on which this Section depends heavily with regards to gathering / searching of information to give feedback on enquiries, compilation of planning reports and to complete general required administrative tasks that has been electronically filed. The attack on the system caused it to be offline for a number of months and the rate of output of above mentioned were time consuming and resulted in a back log of work that needs to be done.
- Funding to address the lack of capacity in the Planning Section.

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-  Revision of the Matzikama Municipal Land Use Management Bylaw.
-  Commence with process to establish one zoning scheme for Matzikama Municipality.

### C) Planning and Building Control Service Delivery Statistics

The table below specifies that 48 land-use and 174 building applications were handled during 2017/18.

Detail	Formalisation of Townships		Land use Applications		Built Environment	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Applications received in relevant year	1	2	40	*28	131	136
Applications of the previous year not yet determined	0	0	21	20	66	38
<b>Total</b>	<b>1</b>	<b>2</b>	<b>61</b>	<b>48</b>	<b>197</b>	<b>174</b>
Determinations made	1	1	21	22	103	110
Applications withdrawn	0	0	1	1	26	31
Applications still incomplete at year end	0	0	23	*8	54	26
Complete applications outstanding at year end	0	1	16**	**17	14	7
<b>Total</b>	<b>1</b>	<b>2</b>	<b>61</b>	<b>48</b>	<b>197</b>	<b>174</b>
*Does not included application for house shops						
**10 includes applications waiting for comments from departments						

**Table 96: Planning and Building Control Service Delivery Statistics**

### D) EMPLOYEES: PLANNING AND BUILDING CONTROL

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (budgeted posts)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	6	0	0	0
4 – 6	0	0	0	0	0
7 – 9	1	3	3	0	0
10 – 12	2	2	2	0	0
13 – 15	2	1	1	0	0
<b>Total</b>	<b>5</b>	<b>13</b>	<b>7</b>	<b>0</b>	<b>0</b>
Employees and Posts numbers are as at 30 June.					

**Table 97: Employees: Planning and Building Control**

### 3.8.2 LOCAL ECONOMIC DEVELOPMENT (LED)

Local Economic Development was prioritized through recent community participation as a highly regarded strategic objective for the Matzikama area. More specifically, Local Economic Development seeks to contribute as a locally driven process by National Government, Provincial Government, Local Government, Private Sector and Communities, working collectively to stimulate and transform the local economy to create sustainable job opportunities. The main focus remains industrial development led by the needs to grow and diversify the economy, the creation of decent job opportunities and the reduction of poverty. It is envisaged that the vision of the Matzikama Municipality seeks to improve its capability through effectiveness, responsiveness and accountability in sustainable forms to ensure a well-educated, healthy and pleased community

## A) HIGHLIGHTS: LED




The table below specifies the highlights for the year:

Highlights	Description
New LED Strategy	Council adopted a new Matzikama LED Strategy
Establishment of the Matzikama Business Development Centre	The business center was established for the main purpose of rendering services to local SMME's
Announcement was made for the raising of the Clanwilliam Dam wall	Minister Gigile Nkwinti announcement on 5 May 2018 that the project for the raising of the Clanwilliam Dam wall will commence within 5 months
Commencement of the investor luring process for the expansion of the aquaculture sector	The development will be the establishment for four additional abalone farms that equals to 600t abalone per annum

**Table 98: Highlights: LED**

## B) CHALLENGES: LED

The challenges experienced are as follow:







Description	Actions to address
Drought	Water shortages will be supplemented with underground water
Water for agriculture initiatives	Raising of the Clanwilliam Dam wall will increase water supply for the development of agricultural initiatives throughout the area
Land	As a result of a shortage of agricultural land for commercial and emerging farmers no further development or limited development can take place. The Municipality is however conducting further investigations in order to find an amicable solution
Development of SMME's through increased capacity and sustainability	 The improvement of sustainability of SMME's through increased capacity to bid and ultimately win local tenders  To increase Municipality capacity to support SMME's by easing up municipal procurement for the development and sustainability of SMME's  Identifying and address of key challenges that the Municipality face in supporting SMME's in practice which are related to capacity, legislation and other areas of difficulty

**Table 99: Challenges: LED**

## C) LED STRATEGY

The focus of the 2012/2017 IDP is "Economic Development: A pre-requisite for successful service delivery". A new Local Economic Development (LED) Strategy has been adopted and approved by Council. The LED forum of Matzikama Municipality comprises of a diverse membership emanating from various sectors of society. The current LED Strategy is built around commitment to develop a climate in which economic development and economic growth can prosper.

The LED Strategy identifies various issues and strategic areas for intervention including but not limited to:

-  Financial support from Provincial and National Government.
-  The lack of skills and training facilities in our communities which are contributing largely to our poor developed economies, particularly in terms of Black Economic Empowerment (BEE).
-  The lack of project development aid for the local communities that have a negative impact on BEE and makes it increasingly difficult for BEE to meaningful impact on the local economy.
-  Community ownership of local projects.
-  Aqua culture development, both marine and freshwater, can have a meaningful impact on the local economy, especially in the coastal towns
-  SMME development has potential to contribute significantly to the socio-economic challenges of the Municipality.

Accessing government land is a major obstacle and needs earnest attention should we want to attract investment to the area for local economic development.

Although economic development is a function of established bodies such as emerging farmers, women in construction, fishing and aqua culture, commercial farmers, etc., the concern is that they do not function effectively due to the lack of leadership, expertise, funding, etc.

The progress made regarding the implementation of the LED strategy can be summarised as follows:

- Five key development areas including primary and secondary aqua-culture sector development, primary and secondary agriculture development, recycling of waste plastics and manufacturing of plastic products and tourism were identified as focused areas in terms of LED.
- The aqua culture sector development was identified as the area with the most potential and as an area of priority due the impact it potentially has.
- The Municipality facilitated a process that culminated in the establishment of a partnership between the private sector and the Doring Bay Development Trust (DDT) to establish the first community owned abalone farm. This laid the foundation for the rolling-out of the further development of this sector.
- At least two other primary and secondary agri-culture products have been identified and will soon form part of the development process.

Further LED priorities include:

- To speed up the development processes that will lead to the establishment of 4 abalone farms. Provincial and National Government and the private sector will be engaged to support this development.
- To market the area as the prime location for aquaculture development. The Department of Economic Development and Tourism (DEDT) will be approached to support with the development of plans that will include realistic and implementable marketing strategies.
- To compile a business/feasibility plan for the production of almond nuts. The West Coast District Municipality will be approached to make funds available for the development of the required business/feasibility plan.
- To establish a wool manufacturing project in the northern part of the municipal area. Funds to be sourced from the private sector and relevant government departments.

#### D) LED STATISTICS

The table below provides the detail of the job opportunities created through the Extended Public Works Programme (EPWP):

Details	Number of Projects	Number of Job opportunities created
	No.	No.
2016/17	27	206
2017/18	27	235

**Table 100: Job Creation through EPWP Projects**

#### E) EMPLOYEES: LED

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (budgeted posts)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	6	0	0	0
4 – 6	0	0	0	0	0
7 – 9	0	0	0	0	0
10 - 12	2	6	5	1	17
13 - 15	0	2	1	1	50
<b>Total</b>	<b>2</b>	<b>14</b>	<b>6</b>	<b>2</b>	<b>67</b>

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (budgeted posts)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%

*Employees and Posts numbers are as at 30 June.*

**Table 101: Employees: LED**




### 3.8.3 TOURISM

#### A) INTRODUCTION







The Municipality and Namaqua West Coast Tourism are now in a good position to address the on-going tourism challenges and opportunities facing the area to ensure effective tourism delivery, including coordinated product development and packaging, a more focused marketing approach, better brand exposure, improved online marketing, strengthened community involvement, improved quality standards, improved tourist access and opening up the Matzikama area through the R27 West Coast Road, ensuring a balance between tourism and mining, preserving the ecotourism potential of the area, encouraging tourism entrepreneurship, implementing a suitable tourism signage system, improved coordination of tourism development funding and further role clarity and coordination.

The vision is to achieve a fast-growing, year-round tourism industry that contributes significantly to sustainable local economic growth and social empowerment and is inclusive of all communities and sectors of society.

The following objectives are set for the period 2018 to 2022:

-  To increase the number of leisure tourism visitors to the area by at least 10% per annum
-  To ensure that leisure visitors stay at least an average of three nights within the area
-  To increase tourism revenues by at least 15% per annum, including higher tourist expenditure and reduce imports of tourism supplies from outside the area

Tourism management will be underpinned by sound developmental principles including:

-  responsible and sustainability tourism development;
-  a market-driven and customer centric approach;
-  inclusivity,
-  cooperation and good communication among all tourism stakeholders;
-  transparency; and
-  accountability in decision-making and management processes

#### B) HIGHLIGHTS: TOURISM

The table below specifies the highlights for the year:

Highlight	Description
Revision of the Matzikama Municipality Tourism Strategy	The Matzikama Municipality has revised their Tourism Strategy in conjunction with different role players in the Matzikama Region. Council adopted the Strategy
Hosting the International Event of Expedition Africa from 18 – 27 May 2018	<p>Adventure Racing has a very dedicated following worldwide. Namaqua West Coast is a developing tourism region with a restricted budget for marketing. This event created an ideal opportunity to market itself as an outdoors, adventure sport destination in countries where we would not otherwise be able to market.</p> <p>22 teams, provincial national and international, attended with their filming crews, 1 415 732 hits were reached via the social media porthole, Facebook and over 200 000 people watched the race on the live tracking of Adventure Racing World Series Website.</p> <p>Huge exposure was also received via print media.</p> <p>Matzikama proved that it is truly a unique destination with lots of outdoor tourism opportunities to be explored and developed.</p>

Highlight	Description
	Except from Expedition Africa, the Matzikama region hosted a series of successful events attracting visitors to the area
Funding being made available for tourism development through the Social and Labour Plan projects of the various mines in the area	For the first time funding was made available for tourism development projects from the Social and Labour Plans of the various mines operating in the Matzikama area, this contribution of funds will enable the Municipality to develop tourism infrastructure in rural towns which will then enable communities to partake in the tourism economy

**Table 102: Highlights: Tourism**

### C) CHALLENGES: TOURISM

The challenge experienced is as follow:

Description	Actions to address challenges
Approval of mining activities near sensitive ecosystems along the coastline of Matzikama	<p>Protected areas must be clearly identified, proclaimed and managed accordingly.</p> <p>Environmental impact studies must be done thoroughly and taken seriously before any activity can proceed.</p> <p>Monitoring and evaluation of strict rehabilitation measures must be enforced</p>

**Table 103: Challenges: Tourism**

### 3.9 COMPONENT D: COMMUNITY AND SOCIAL SERVICES

In the municipal area with its high unemployment, the objective of social development is to improve the lives and livelihoods of the community.

We are in agreement that some of the social ills, especially those experienced by youth groups, are better addressed through social and recreational programs. The Thusong Centres and libraries play an important role in social development with the frequent launching of these programmes and the provision of information to the community.












In order to accomplish our objective as mentioned above, the Community Development Unit realised that it is critical to include a wide range of stakeholders who can contribute to our efforts in a sustainable manner.

Due to the multitude of the needs in the community and given our limited own resources, funding from government organisations, external donors and role-players to address these needs in a sustainable manner, are of the utmost importance.

Various stakeholders currently assist with soup kitchens, social development projects and life skills programmes.

#### 3.9.1 LIBRARIES

The twelve (12) public libraries of Matzikama Municipality namely:

-  Vredendal-South,
-  Eureka (Vredendal-North),
-  Vanrhynsdorp, Troe-Troe (Vanrhynsdorp),
-  Lutzville,
-  Uitkyk (Lutzville),
-  Klaver,
-  Ebenhaeser,
-  Doring Bay,
-  Bitterfontein,
-  Nuwerus and
-  Rietpoort

These 12 libraries promote the economic and social upliftment of the communities within the municipal area by providing a wide range of information and recreational library materials free of charge to the communities. To provide this information and materials to the most rural parts of Matzikama Municipality wheelie wagon "libraries" are provided in some of the settlements namely, Stofkraal, Molsvlei and Kliprand of the former DMA-area of Matzikama.

Many scholars and students, especially from those communities living in poverty visits the libraries for information regarding their studies, assignments and other school work because school libraries are poorly equipped or do not exist anymore.

Jobseekers can get information regarding job opportunities with free access to internet at the 12 libraries and can even create and update their CV's on the computers at the libraries.

The personnel at the libraries also present special programmes and exhibitions for library users and especially for children to promote reading habits, the correct use of the indexes of encyclopedias to find information and in book education (the correct way to use a book while reading).

Libraries are an important and essential part of the community and social services rendered by the Municipality, especially to those communities that are living in poverty.

## A) HIGHLIGHTS: LIBRARIES

The table below specifies the highlights for the year:

Highlights	Description
Financial support for library services (unfunded mandate) from the Provincial Government Western Cape and relevant National Department	Municipal Replacement Funds (MRF) of R4 246 000 and a Conditional Grant of R2 000 000 were received from the Western Cape Library Services and the relevant National Department for personnel, operational and capital expenses for library services in Matzikama Municipal area
The installation of computers with live internet access at 11 libraries in Matzikama by the Western Cape Provincial Library Services as part of their ICT project in this regard (Only the installation at Doringbaai library is not finished yet)	Computers and enhanced broad band internet connections are installed at 11 libraries in Matzikama for usage and access to internet information by the public and for access to the provincial information management system (SLIMS/ Brocade) and all library materials available in the Provincial Library Services (the Internet connections of Ebenhaeser, Nuwerus and Rietpoort libraries were made live this financial year)
The partnership agreement between the Municipality and UNISA regarding the rendering of library services	The mobile library of UNISA was parked monthly at the Vredendal South Library for UNISA students to obtain the necessary study books and the personnel of last-mentioned library also assisted the students to use the UNISA library via internet
The delivering of library books and audio-books to the elderly people staying in the Old Age Home in Vredendal	The library personnel of Vredendal-South Library visited the old age home in Vredendal monthly and delivered library books and audio-books door-to-door to the elderly people that are staying there
A weekly book review-programme on the local radio-station, Radio Namaqualand	A Senior Librarian promotes the reading habit of the public by means of a weekly book review programme on the local radio station, Radio Namaqualand
Successful library forum meetings of the Provincial Regional Library Office in Matzikama.	All library personnel attended the library forum meetings of the Provincial Regional Library Office held in October 2017 and June 2018 to collectively discuss and implement better library services
The training of library personnel	Various personnel of different libraries attended formal training occasions / opportunities, namely "Marketing and promotion of libraries", "Encyclopedia Britannica", "Mzansi Project", "Conflict and diversity management", "Library Managers"
The installation of an Msanzi-library at the Eureka Library in Vredendal-North.	The Bill and Melinda Gates Foundation funded the Msanzi-Library Initiative and the Eureka Library in Vredendal-North was one of the fortunate libraries to receive such a facility with PC's, playstations and tablets
The installation of a Mobile Library for the Blind at the Vredendal-South Library	Vredendal Library was equipped with a Mobile Library Service for the Blind (a unit that can be utilised by blind and visually impaired persons) in partnership with the National Library for the Blind, situated in Grahamstown

Highlights	Description
The Oral History Project of which the libraries in Matzikama were part of	Oral History Project was an initiative of Minister Anroux Marais whereby the oral history / tradition of people in Matzikama were recorded (the libraries of Matzikama help organise this project and the project was launched by Minister Marais on 21 August 2017 in Vredendal)
The initiative to provide some libraries in Matzikama area with chess tables	Minister Anroux Marais delivered chess tables to some libraries in the Matzikama area
Library services to the Department of Correctional Services (Vanhynsdorp Prison)	The personnel of Vanhynsdorp Library extended their services to the Department of Correctional Services (Vanhynsdorp Prison)

**Table 104: Highlights: Libraries****B) CHALLENGES: LIBRARIES**

The challenges experienced are as follow:

Description	Actions to address
The replacement of the manual lending out system (of library materials to the public) at all remaining libraries with the SLIMS / Brocade computerised library system of the Western Cape Provincial Library Services [Vredendal-South, Eureka (Vredendal-North), Vanhynsdorp, Troe-Troe (Vanhynsdorp), Lutzville, Uitkyk (Lutzville), Klawer libraries were computerised in this regard]	The replacement of the manual lending out system (of library materials to the public) with the SLIMS / Brocade computerised library system by the Western Cape Provincial Library Services at Ebenhaeser, Doringbaai, Bitterfontein, Nuwerus and Rietpoort libraries and the training of the personnel of these libraries in this regard
The installation of computers with internet access for the public as part of the ICT project of Western Cape Provincial Library Service at Doring Bay library	Facilitate the installation of computer work stations with internet access for the public by the Western Cape Provincial Library Services at Doring Bay Library
The vacant posts of a Manager: Library Services, a Librarian at Vredendal Library, a Cashier/Assistant Librarian at Koekenaap and an ICT Cadet for libraries	To advertise the posts and the appointment of successful candidates after the necessary recruitment and selection processes
The installation of a modular library in Koekenaap	To organise the installation of a modular library in Koekenaap after the necessary supply chain management processes are followed

**Table 105: Challenges: Libraries****C) LIBRARIES SERVICE STATISTICS**

The table specifies the statistics for Library Services for the year under review:

Type of service	2016/17	2017/18
Library members	5 545	7 133
Books circulated	192 410	209 962
Exhibitions held	91	111
Internet users	7 869	7 036
Children programmes	70	82
Visits by school groups	63	73
Book group meetings for adults	26	28
Primary and Secondary Book Education sessions	53	55
Book reviews and marketing	14	26

**Table 106: Libraries Service Statistics**

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### D) EMPLOYEES: LIBRARIES

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (budgeted posts)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	6	2	0	0
4 – 6	3	3	3	0	0
7 – 9	9	11	11	0	0
10 – 12	5	5	4	1	20
13 – 15	0	0	0	0	0
<b>Total</b>	<b>17</b>	<b>25</b>	<b>20</b>	<b>1</b>	<b>20</b>

*Employees and Posts numbers are as at 30 June.*

**Table 107: Employees: Libraries**

### E) CAPITAL EXPENDITURE: LIBRARIES

The table below indicates the capital expenditure relating to Libraries.

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Bookshelves/ furniture	70 000	70 000	67 415	2 585	67 415
Furniture (tables, chairs, etc.)	100 000	0	0	0	0
<b>Total</b>	<b>170 000</b>	<b>70 000</b>	<b>67 415</b>	<b>2 585</b>	<b>67 415</b>

**Table 108: Capital Expenditure: Libraries**

## 3.9.2 CEMETERIES

Facilities are based in all towns within the boundaries of the Municipality and maintained within the municipal area.

### A) HIGHLIGHTS: CEMETERIES

The table below specifies the highlight for the year:

Highlights	Description
Cleaning of cemeteries	The maintenance and cleaning of the cemeteries was part of the EPWP work programme.

**Table 109: Highlights: Cemeteries**





**Pictures: EPWP maintenance and cleansing of cemeteries**

## B) CHALLENGES: CEMETERIES

The challenges experienced are as follows:

Description	Actions to address
Fencing around cemeteries (to keep out the homeless people who is mainly responsible for the pollution at the cemeteries)	Budget inputs will be given in order to resolve this matter.
Access control at the cemeteries	The supervisor on standby staff will be tasked to open the gates on weekends

**Table 110: Challenges: Cemeteries**

## C) CEMETERIES SERVICE STATISTICS

The table below indicates that 6 pauper burials were handled:

Type of service	2016/17	2017/18
Pauper burials	2	6

**Table 111: Cemeteries service statistics**

## 3.9.3 CHILD CARE, AGED CARE AND SOCIAL PROGRAMMES

The Municipality provide access to buildings for child care, aged care and other social programmes. These programs are mostly done on behalf on the Municipality, by other stakeholders, due to financial constraints.

## A) HIGHLIGHTS: CHILD CARE, AGED CARE AND SOCIAL PROGRAMMES

The table below specifies the highlights for the year:

Highlights	Description
Awareness in waste management for the youth	Facilitators teach participants to sort various waste with methods and techniques
Child teaching and protection	Children are taken care of after school and assisted with various learning techniques
Pregnancy Awareness Campaign	The youth to attend to the benefits and consequences
Save Water Project	Door-to-door campaign to addresses water leakages
Human Rights Day	Awareness was done in relation to the rights of individuals

**Table 112: Highlights: Child Care; Aged Care and Social Programmes**

## B) CHALLENGES: CHILD CARE, AGED CARE AND SOCIAL PROGRAMMES

The challenges experienced are as follows:

Description	Actions to address
Access to more space for childhood program	Possible lobbying at bee-hives for more training space

Description	Actions to address
Open spaces for illegal waste dumping	Mindset of inhabitants to changes

**Table 113: Challenges: Child Care; Aged Care and Social Programmes**

### C) SERVICE STATISTICS FOR CHILD CARE, AGED CARE AND SOCIAL PROGRAMMES

The table below specifies all the programmes that the Municipality supported during the year:

Description	2017/18
Awareness in waste management for the youth	31
Child teaching and protection.	61 (daily)
Pregnancy Awareness Campaign.	85
Save Water Project	222
Human Rights Day	375
Awareness in waste management for the youth	31
Child teaching and protection.	61 (daily)
Pregnancy Awareness Campaign.	85
Save Water Project	222

**Table 114: Service statistics for Child Care, Aged Care and Social Programmes**

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The following pictures indicate the different awareness campaigns hosted as stated above:



**Waste Management**



**Childhood Programmes**



### **Save Water Project**

Specific emphasis was placed on indigent beneficiaries and school children to understand the financial implications of water that leaks.



**Pregnancy Awareness Campaign**



Human Rights Day

### 3.10 COMPONENT E: ENVIRONMENTAL PROTECTION

#### A) POLLUTION CONTROL

The air pollution control function in our area is executed in terms of a service level agreement with the West Coast District Municipality (WCDM). The main function is to regulate the listed activities licenced in terms of the National Environmental Management Air Quality Act, 2004 (Act 39 of 2004). These activities include major industries such as steel manufacturing, cement manufacturing, handling and export of iron ore in bulk, fishmeal production, galvanizing, crude oil storage, clay brick manufacturing, lime processes, waste incineration, etc. Two of these activities namely, clay brick manufacturing and lime processes, are located in the municipal area. The air quality levels on pollution in our area are within the legislative requirements.

#### B) COMMUNICATION WITH INDUSTRY

A communication platform with industry, the West Coast Air Quality Working Group chaired by WCDM has been established. The Municipality attends the quarterly meetings and report on the listed activities in a specific agreed upon format. The minutes of these meetings are distributed to all attendees that include the Provincial Government and all the local municipalities in the West Coast District.

#### C) AIR QUALITY MANAGEMENT PLAN

According to the abovementioned Act, municipalities must compile Air Quality Management Plans that set out what will be done to achieve the prescribed air quality standards. Our plan forms part of the Municipality's IDP. The WCDM appointed external expertise to draft the plans and by-laws for all the municipalities within the West Coast District.

### 3.11 COMPONENT F: SECURITY AND SAFETY




Our objective is to limit crime in the municipal area in collaboration with other government institutions and implement security measures within the available budget.

We are experiencing theft, damage and vandalism at our municipal properties, which happens especially over weekends and at night. A further challenge is the number of homeless people in the Vredendal CBD. These challenges are due to the high rate of unemployment in the area that increases the level of crime in the municipal area.

#### 3.11.1 TRAFFIC SERVICES AND LAW ENFORCEMENT

The Traffic and Law Enforcement division comprises of 14 officers which is divided into three districts.



In the **Central District**, Vredendal and Vredendal North, we have a driver's license testing and roadworthy facility. The staff capacity is divided as follow:

-  1 Superintendent
-  2 Senior Traffic Officers for the testing of vehicles and driver's licenses
-  3 Traffic Officers for traffic safety and law enforcement for the specific district











In the **Western District**, Lutzville, Koekenaap and Doring Bay there are:

-  1 Superintendent
-  3 Traffic Officers for traffic safety and law enforcement



In the **Eastern District**, Vanrhynsdorp to Klawer and North to Bitterfontein, including the old district municipal area there are:

-  1 Superintendent
-  3 Traffic Officers.





The following services within the municipal area are rendered:

-  enforcement of by-laws;
-  road safety training at schools;
-  roadworthy of motor vehicles;
-  testing of learner and drivers' licenses;
-  escort duties;
-  traffic safety enforcement;
-  accident control;
-  safety education at businesses;
-  issuing of warrants of arrest; and
-  deployment in times of disasters and major incidents.







We have four vehicle registration and licensing offices in Vredendal, Vanrhynsdorp, Lutzville and Klawer. This division comprises of:

-  1 Senior Officer and
-  4 Cashiers of which 2 posts are currently vacant.

They are responsible for the following services:

-  motor vehicle registration and all related functions;
-  application and issuing of learner and drivers licenses;
-  eye testing; and
-  learner's classes.

The office of the summons and fines administration is situated in Vredendal with 1 Administration Clerk who is responsible for the following:

-  capturing of summonses on the MVS system for provincial and local traffic offenses;
-  managing and capturing of warrants of arrest on the provincial eNATIS system;
-  managing the financial administration of fines that are paid;
-  liaisons with the Public Prosecutor;
-  managing the case representations; and
-  attending the cash-flow meetings with the National Prosecuting Authority.

#### A) HIGHLIGHTS: TRAFFIC SERVICES AND LAW ENFORCEMENT

The table below specifies the highlights for the year:

Highlights	Description
Appointment of 6 Law Enforcement officers	Council appointed 6 Law Enforcement officers which will be utilized over the whole region to ensure enforcement of by-laws

**Table 115: Highlights: Traffic Services and Law Enforcement**

#### B) CHALLENGES: TRAFFIC SERVICES AND LAW ENFORCEMENT

The challenges experienced are as follows:

- Personnel shortage
- Budget constrains (vehicle maintenance and repairs)
- Fixed working hours
- Speed law enforcement

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### C) TRAFFIC SERVICES AND LAW ENFORCEMENT SERVICE DELIVERY STATISTICS

The table below specifies the statistics for the year under review:

Type of service	2016/17	2017/18
Road traffic accidents handled	537	526
By-Law infringements attended to	669	260
Animals impounded	26 dogs	28
Motor vehicle licenses processed	16 353	17 872
Learner driver licenses processed	1 183	1 679
Driver licenses processed	1 728	2 650
Driver licenses issued	3 369	3 609
Fines issued for traffic offenses	2 192 (Municipal) 5 695 (Provincial) 0 (Speed)	1 611 (Municipal) 3 045 (Provincial) 7 259 (Speed)
R-value of fines collected	R8 976 200	R2 694 387
Operational call-outs	132 hours	241 hours
Roadblocks held	129	49
Special Functions – Escorts	19 hours	13 hours
Awareness initiatives on public safety	34 Hours	18 hours

**Table 116: Traffic Services and Law Enforcement Service Delivery Statistics**

### D) EMPLOYEES: TRAFFIC AND LAW ENFORCEMENT

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (budgeted posts)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	6	0	0	0
4 – 6	1	2	2	0	0
7 – 9	8	0	0	0	0
10 – 12	4	14	12	2	14
13 – 15	0	2	2	0	0
<b>Total</b>	<b>13</b>	<b>24</b>	<b>16</b>	<b>2</b>	<b>14</b>

*Employees and Posts numbers are as at 30 June.*

**Table 117: Employees: Traffic Services and Law Enforcement**

### E) CAPITAL EXPENDITURE: TRAFFIC SERVICES

The table below indicates the capital expenditure relating to traffic services.

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Shredder	0	28 000	23 015	4 984	23 015
<b>Total</b>	<b>0</b>	<b>28 000</b>	<b>23 015</b>	<b>4 984</b>	<b>23 015</b>

**Table 118: Capital Expenditure: Traffic Services**






### 3.11.2 FIRE AND DISASTER MANAGEMENT

Fire Services are rendered in terms of a memorandum of understanding (MOU) with the WCDM. As for disaster management, the Municipality has a Disaster Management Plan which is reviewed annually during the IDP public participation process. We are in a position to carry out our plans and have thus far not had any serious disasters.

## 3.12 COMPONENT G: SPORT AND RECREATION

### 3.12.1 SPORT AND RECREATION

The Department is responsible for organising sport events and assisting different sporting codes in the Matzikama area, as well as the maintenance of municipal facilities in our area which consists of the following:

-  8 parks which are maintained according to a weekly schedule;
-  1 sport hall in Vredendal South; and
-  10 sport fields
-  swimming pool (Vredendal North);
-  swimming pool (Vredendal South);

**However, due to the scarcity of water prohibited the Municipality from opening the swimming pools and subsequently no funds could be generated.**

The parks and sport fields are maintained according to a daily work programme and staff members are also deployed to clean all the halls in the municipal area.

#### A) HIGHLIGHTS: SPORT AND RECREATION

The table below specify the highlight for the year:

Highlights	Description
Municipal cricket team	Interaction with other municipalities, national and provincial department's by taking part in matches

**Table 119: Highlights: Sport and Recreation**

#### B) CHALLENGES: SPORT AND RECREATION

The challenges experienced is as follow:

Description	Actions to address
Vacant position	To fill the vacant sport position as stated on the new organogram, as soon as possible

**Table 120: Challenges: Sport and Recreation**

#### C) SPORT AND RECREATION STATISTICS

The table below specifies the statistics for the year under review:

Type of service	2016/17	2017/18
<b>Community parks</b>		
Number of parks with play park equipment	9	17
Number of wards with community parks	8	8
<b>Swimming pools</b>		
Number of visitors per annum	9 559	0
R-value collected from entrance fees	47 799	0
<b>Camp sites/Resorts</b>		
Number of visitors per annum	3 244	3 008
R-value collected from visitation and/or accommodation fees	2 201 940	2 039 530

Type of service	2016/17	2017/18
<b>Sport fields</b>		
Number of wards with sport fields	8	8
Number of sport associations utilizing sport fields	5	5
R-value collected from utilization of sport fields	0	0
<b>Sport halls</b>		
Number of wards with sport halls	1	8
Number of sport associations utilizing sport halls	7	7
R-value collected from rental of sport halls	29 991	15 930

**Table 121: Sport and Recreation Statistics****D) EMPLOYEES: SPORT AND RECREATION**

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (budgeted posts)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	6	21	0	0
4 – 6	0	3	3	0	0
7 – 9	0	0	0	0	0
10 – 12	0	0	0	0	0
13 – 15	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>9</b>	<b>24</b>	<b>0</b>	<b>0</b>

*Employees and Posts numbers are as at 30 June.*

**Table 122: Employees: Sport and Recreation****E) CAPITAL EXPENDITURE: SPORT AND RECREATION**

The capital expenditure relating to Sport and Recreation for the year 2017/18:

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Chainsaw	15 000	-	-	-	-
Office equipment	40 000	40 000	23 446	16 554	23 446
Lawnmowers for pools	50 000	-	-	-	-
Pole runners	50 000	50 000	-	50 000	-
Lawnmower tractor		48 296	48 296	-	48 296
Weed eaters	60 000	-	-	-	-
Furniture for chalets (fridges; stoves; microwave; ovens; televisions)	100 000	100 000	5 825	94 175	5 825
Upgrade ablution blocks: Strandfontein	600 000	150 000	53 785	96 215	53 785

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Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Klawer: upgrade of sports facility	1 500 000	-	-	-	-
Lutzville-West: upgrade of sports facility	2 200 000	-	-	-	-
<b>Total</b>	<b>4 615 000</b>	<b>388 296</b>	<b>131 351</b>	<b>256 945</b>	<b>131 351</b>

**Table 123: Capital Expenditure Sport and Recreation**

### 3.13 COMPONENT H: CORPORATE POLICY OFFICES AND OTHER SERVICES

#### 3.13.2 FINANCIAL SERVICES

Financial Services are responsible for Budgeting, Reporting, Expenditure, Revenue and Supply Chain Management.

##### A) EMPLOYEES: FINANCIAL SERVICES

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (budgeted posts)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	6	8	0	0
4 - 6	23	17	17	0	0
7 - 9	17	21	19	3	14
10 - 12	2	2	2	0	0
13 - 15	6	6	6	0	0
16 - 18	0	2	2	0	0
<b>Total</b>	<b>48</b>	<b>54</b>	<b>54</b>	<b>3</b>	<b>14</b>

*Employees and Posts numbers are as at 30 June*

**Table 124: Employees: Financial Services**

##### B) CAPITAL EXPENDITURE: FINANCIAL SERVICES

The amount spent on capital projects relating to Financial Services was R64 943 for the year:

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Aircons	6 000	6 960	6 960	0	6 960
Hand radio	0	34 200	0	34 200	0
Furniture	0	88 162	32 324	55 838	32 324
<b>Total</b>	<b>6 000</b>	<b>159 732</b>	<b>64 943</b>	<b>94 789</b>	<b>64 943</b>

**Table 125: Capital Expenditure Financial Services**

### 3.13.3 CORPORATE SERVICES

#### A) INTRODUCTION

The Directorate Corporate Services comprises of Support Services, Library Services and Information and Communication Technology (ICT) Services. Support Services comprises of Human Resources, Committee Services and Archive Services.

We provide support services to the different directorates and offices in the Municipality in accordance with relevant legislation, collective agreements and internal policies to enable the Municipality to deliver quality services to our communities.

Human Resources and Library Services have been covered extensively in other sections of this report and therefore the under-mentioned highlights and challenges focus on ICT Services, Committee Services and Archive Services only.

#### B) HIGHLIGHTS: CORPORATE SERVICES

The table below specifies the highlights for the year:

Highlights	Description
97% of the approved capital budget for Corporate Services was spent for the year	There was R1 431 719 budgeted for capital expenditure regarding Corporate Services and 97% (R1 386 008) was spent for the year
The agendas of all council meetings were distributed in good time to councillors	The agendas of all 19 council meetings which took place, included Mayoral Committee meetings, were distributed in prescribed timeframe to councillors in accordance to the by-law regulating for the conduct of meetings for the Council of Matzikama Municipality
The good quality of all the minutes of council meetings	There were very few corrections/changes to the minutes of council meetings when the minutes of previous meetings were confirmed by Council
The disposal of the old records of the Municipality (and former old municipalities) that started to take place	Previously the old records of the Municipality (and former old municipalities) were not disposed, but a routine disposal program of the old records of the Municipality is now in operation
Records of certain sections of the Municipality that were scattered in different locations were moved to the central records storage room/safe at the Vredendal head office	The tender and debtor records of the SCM- and debtors' sections (of the finance department) and the building plans of the building management section that were stored in scattered locations of the Municipality were moved to the central records storage room/safe at the Vredendal head office
The installation of a copy/scan machine in the central records office at the Vredendal head office	A new copy/scan machine was installed in the central records office at the Vredendal head office
The Approval of ICT policies	Seven necessary ICT policies according to the "main" Municipal Corporate Governance of Information and Communication Technology Policy were developed and approved by Council
The Installation of a new financial system and the upgrade of other existing ICT systems	A new financial system (Phoenix or Vesta) was installed and the existing Payday-, Collaborator-, Asset Management-, Valuation- and VOIP Telephone systems were upgraded

**Table 126: Highlights: Corporate Services**

### C) CHALLENGES: CORPORATE SERVICES

The challenges experienced are as follows:

Description	Actions to address
The translation of all agendas and minutes of council meetings from Afrikaans to English	To translate all agendas and minutes of council meetings from Afrikaans to English
The lack of capacity in the ICT unit and the Committee Services sections	The vacant posts of the ICT and the Committee Services sections on the newly approved organogram (staff structure) of the Municipality must be filled to enhance the capacity in these sections of the Municipality
The Implementation of the Municipal Corporate Governance of Information and Communication Technology Policy and other accompanied ICT policies	To formulate an ICT strategic plan. To implement the Municipal Corporate Governance of Information and Communication Technology Policy and the seven new ICT policies of the Municipality that were approved by council
Remaining outdated ICT equipment	The remaining outdated ICT equipment of the Municipality that are identified must be systematically replaced with budgeted funds
ICT systems and programmes training	To provide training to employees and councillors on ICT systems and programmes
Upgrade of records storage room	Due to the non-compliance of the current records room the installation of proper steel filling cabinets, a CO <sub>2</sub> fire prevention system and the usage of proper records files in the central records storage room/safe at the Vredendal head office must be addressed in order to comply with archive requirements. Budget allocations will be investigated in order to address this matter
Transfer and terminated of A20 records	The Municipality must transfer all terminated A20 records of all former municipalities to the Western Cape Archives and Records Service after their approval thereof
Effective use of Collaborator software program	All the forms of the traffic section of the municipality must be scanned into the Collaborator software system so that the hard copies of the forms can be disposed of and proper record can be kept in an electronic format

**Table 127: Challenges: Corporate Services**

### D) EMPLOYEES: CORPORATE SERVICES

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (budgeted posts)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	6	0	0	0%
4 - 6	2	2	2	0	0%
7 - 9	5	5	5	0	0%
10 - 12	2	1	1	0	0%

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (budgeted posts)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	6	0	0	0%
13 - 15	1	0	0	0	0%
16 - 18	1	0	0	0	0%
<b>Total</b>	<b>11</b>	<b>14</b>	<b>8</b>	<b>0</b>	<b>0%</b>
<i>Employees and Posts numbers are as at 30 June</i>					

**Table 128: Employees: Corporate Services****E) CAPITAL EXPENDITURE: CORPORATE SERVICES**

The table below indicates the capital expenditure relating to ICT:

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Systems / PC Upgrading	100 000	40 000	39 351	649	39 351
Computer equipment and printers for ICT	270 000	410 000	335 792	74 208	335 792
Computer equipment: mSCOA	670 928	451 719	451 719	0	451 719
New software licenses	0	450 000	449 555	455	449 555
<b>Total</b>	<b>1 040 928</b>	<b>1 351 719</b>	<b>1 276 418</b>	<b>75 301</b>	<b>1 276 418</b>

**Table 129: Capital Expenditure Corporate Services****3.14 COMPONENT I: SERVICE DELIVERY INDICATORS FOR 2017/18**

The main development and service delivery priorities for 2018/19 are included in the Municipality's Top Layer SDBIP for 2018/19 and the Key Performance Indicators to achieve the service delivery priorities:

**COORDINATE, FACILITATE AND STIMULATE SUSTAINABLE ECONOMIC DEVELOPMENT THROUGH STRATEGY, POLICY AND PROGRAMME DEVELOPMENT**

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL10	Create temporary jobs opportunities through EPWP projects by 30 June 2019	Number of temporary job opportunities created by 30 June 2019	All	150

**Table 130: Coordinate Facilitate and Stimulate Sustainable Economic Development through Strategy, Policy and Programme Development****DEVELOP AND SUSTAIN OUR SPATIAL, NATURAL AND BUILT ENVIRONMENT**

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL29	Submit the reviewed Disaster Management Plan to Council by 31 March 2019	Reviewed Disaster Management Plan submitted to Council by 31 March 2019	All	1

**Table 131: Develop and Sustain our Spatial, Natural and Built Environment**

## MAINTAIN SUFFICIENT ORGANIZATIONAL RESOURCES, ENHANCE THE INVOLVEMENT OF THE PUBLIC IN THE DEVELOPMENT AND DECISION-MAKING PROCESSES AND PROVIDE ETHICAL AND PROFESSIONAL SERVICES TO SUPPORT THE NEEDS OF THE COMMUNITIES

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL16	Submit the Annual Performance Report in terms of Section 46 of the Municipal Systems Act to the Auditor-General by 31 August 2018	Report submitted to the Auditor-General by 31 August 2018	All	1
TL17	Submit the Draft Annual Report to Council by 31 January 2019	Draft report submitted to council by 31 January 2019	All	1
TL18	Draft the concept reviewed IDP and submit to Council by 31 March 2019	Reviewed draft IDP submitted to Council by 31 March 2019	All	1
TL22	Compile the Risk based Audit Plan (RBAP) for 2019/20 and submit to the Audit Committee by 30 June 2019	RBAP submitted to the Audit Committee by 30 June 2019	All	1
TL23	Complete planned audits in terms of the Risk Based Audit plan by 30 June 2019 {(Planned audits completed divided by the audits planned for the financial year) x100}	% of planned audits completed by 30 June 2019	All	80%
TL26	Draft the final reviewed IDP and submit to Council by 31 May 2019	Final reviewed IDP submitted by 31 May 2019.	All	1
TL27	Limit the vacancy rate to less than 10% of budgeted posts by 30 June 2019 {(Actual approved budgeted vacant positions / total budgeted approved posts) x100}	% Vacancy rate by 30 June 2019{(Actual approved budgeted vacant positions / total budgeted approved posts) x100}	All	10%
TL32	Spend 90% of the budget allocated for the Upgrading of the Municipal Head Office by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% of project budget spent	All	90%
TL33	Spend 90% of the budget allocated for the Modular Library in Koekenaap by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% of project budget spent	8	90%

**Table 132:** *Maintain Sufficient Organizational Resources, Enhance the Involvement of the Public in the Development and Decision-Making Processes and Provide Ethical and Professional Services to Support the Needs of the Communities*

## MAINTAIN SUFFICIENT REVENUE SOURCES TO ENABLE THE MUNICIPALITY TO MEET ITS CONSTITUTIONAL OBLIGATIONS

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL13	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations as at 30 June 2019 ((Total operating revenue-operating grants received)/debt service payments due within the year))	% of debt coverage	All	24%
TL14	Financial viability measured in terms of the outstanding service debtors as at 30 June 2019 (Total outstanding service debtors/ revenue received for services)	% of outstanding service debtors	All	45%
TL15	Financial viability measured in terms of the available cash to cover fixed operating	Number of months it takes to cover fix operating expenditure with available cash	All	0.2

Ref	KPI	Unit of Measurement	Wards	Annual Target
	expenditure as at 30 June 2019 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))			
TL24	Achieve a debtors payment percentage of 88% at 30 June 2019 (Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off / Billed Revenue x 100)	Payment % achieved at 30 June 2019	All	88%
TL35	Submit the Annual Financial Statements for 2017/18 by 31 August 2018 to the Office of the Auditor-General	Financial statements submitted by 31 August 2018 to the Office of the Auditor-General	All	1

**Table 133: Maintain Sufficient Revenue Sources to Enable the Municipality to Meet its Constitutional Obligations**

## PROVIDE MUNICIPAL BASIC SERVICES TO MEET DEMANDS OF GROWING POPULATION AND DEVELOPMENT CHALLENGES

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL1	Number of formal residential properties that which are billed for water or have prepaid meters that is connected to the municipal water infrastructure network as at 30 June 2019	Number of residential properties which are billed for water or have pre-paid meters as at 30 June 2019	All	9 145
TL2	Number of formal residential properties which are billed for electricity or have prepaid meters as at 30 June 2019 (excluding Eskom areas)	Number of residential properties which are billed for electricity or have pre-paid meters as at 30 June 2019 (Excluding Eskom areas)	All	11 180
TL3	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) which are billed for sewerage as at 30 June 2019	Number of residential properties which are billed for sewerage as at 30 June 2019	All	8 612
TL4	Number of formal residential properties which are billed for refuse removal as at 30 June 2019	Number of residential properties which are billed for sewerage as at 30 June 2019	All	10 330
TL5	Provide free basic water to indigent households earning less than R4750 as at 30 June 2019	Number of households receiving free basic water as at 30 June 2019	All	1 351
TL6	Provide free basic electricity to indigent households earning less than R4750 as at 30 June 2019	Number of households receiving free basic electricity as at 30 June 2019	All	535
TL7	Provide free basic sanitation to indigent households earning less than R4750 as at 30 June 2019	Number of households receiving free basic sanitation as at 30 June 2019	All	2 516
TL8	Provide free basic refuse removal to indigent households earning less than R4750 as at 30 June 2019	Number of households receiving free basic refuse removal as at 30 June 2019	All	2 698

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Ref	KPI	Unit of Measurement	Wards	Annual Target
TL9	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2019 {(Actual amount spent on projects /Total amount budgeted for capital projects) X100}	% of the municipal budget spent by 30 June 2019	All	90%
TL19	Limit unaccounted for electricity to less than 12% by 30 June 2019 {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or Generated) x 100}	% unaccounted electricity at 30 June 2019 {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or Generated) _ 100}	All	12%
TL20	Limit unaccounted for water to less than 15% by 30 June 2019 {(Number of Kiloliters Water Purchased or Purified - Number of Kiloliters Water Sold) / Number of Kiloliters Water Purchased or Purified _ 100}	% unaccounted water at 30 June 2019 {(Number of Kiloliters Water Purchased or Purified - Number of Kiloliters Water Sold) / Number of Kiloliters Water Purchased or Purified _ 100}	All	15%
TL21	95% of water samples comply with SANS241 micro biological indicators {(Number of water samples that comply with SANS21 indicators/Number of water samples tested) x100}	% of water samples compliant	All	95%
TL30	90% of the parks and recreation maintenance budget spent by 30 June 2019 ((Actual expenditure on maintenance / total approved budget for maintenance) x100)	% of maintenance budget spent by 30 June 2019	All	90%
TL31	90% of the waste removal maintenance budget spent by 30 June 2019 ((Actual expenditure on maintenance divided by the total approved budget for maintenance) x100)	% of maintenance budget spent by 30 June 2019	All	90%
TL34	90% of the water maintenance budget spent by 30 June 2019 ((Actual expenditure on maintenance divided by the total approved budget for maintenance) x100)	% of maintenance budget spent by 30 June 2019	All	90%
TL35	90% of the electricity maintenance budget spent by 30 June 2019 ((Actual expenditure on maintenance divided by the total approved budget for maintenance) x100)	% of maintenance budget spent by 30 June 2019	All	90%
TL36	90% of the waste water maintenance budget spent by 30 June 2019 ((Actual expenditure on maintenance divided by the total approved budget for maintenance) x100)	% of maintenance budget spent by 30 June 2019	All	90%
TL37	Purchase 6 vehicles (Cherry Picker, 2 Digger Loaders, Digger Loader 4x4, Sewerage Truck and Refuse Truck) by 30 June 2019	Number of vehicles purchased	All	6
TL38	Spend 90% of the budget allocated for the paving of gravel roads in Lutzville by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% of project budget spent	1	90%
TL39	Spend 90% of the budget allocated for the upgrading of gravel roads in Nuwerus (Phase 1) by 30 June 2019 [(Actual expenditure	% of project budget spent	8	90%

Ref	KPI	Unit of Measurement	Wards	Annual Target
	divided by the total approved project budget) x100]			
TL40	Spend 90% of the budget allocated for the upgrading of gravel road in Hopland, Maskamsig in Vanrhynsdorp by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% of project budget spent	7	90%
TL41	Spend 90% of the budget allocated for the paving of roads for the Vredendal Bus Route 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% of project budget spent	3	90%
TL42	Spend 90% of the budget allocated for the new roads and stormwater in Kliprand by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% of project budget spent	8	90%
TL43	Spend 90% of the budget allocated for the refurbishment of the Bitterfontein scheme by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% of project budget spent	8	90%
TL44	Spend 90% of the budget allocated for the purchasing of pumps for all Matzikama Towns by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% of project budget spent	All	90%
TL45	Spend 90% of the budget allocated for the Upgrading of the Ebenhaeser Water Treatment Works [(Actual expenditure divided by the total approved project budget) x100]	% of project budget spent	2	90%
TL46	Spend 90% of the budget allocated for Construction of Boreholes Ebenhaeser [(Actual expenditure divided by the total approved project budget) x100]	% of project budget spent	2	90%
TL47	Spend 90% of the budget allocated for Upgrading of Bulk Electricity in Vredendal North by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% of project budget spent	3	90%

**Table 134: Provide Municipal Basic Services to Meet Demands of Growing Population and Development Challenges**

**PROVIDE OPPORTUNITIES TO OFFICIALS AND COUNCILLORS FOR THE DEVELOPMENT OF PROFESSIONAL AND LEADERSHIP SKILLS AND ENHANCE EMPLOYMENT EQUITY IN THE ORGANIZATION**

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL11	Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan as at 30 June 2019	Number of people employed in the three highest levels of management as at 30 June 2019	All	1
TL12	The percentage of the municipality's personnel budget actually spent on implementing its workplace skills plan by 30 June 2019	% of personnel budget actually spent on implementing its workplace skills plan by 30 June 2019 [(Actual amount spent on training/total personnel budget) x100]	All	0.40%

Ref	KPI	Unit of Measurement	Wards	Annual Target
	June 2019 [(Actual amount spent on training/total personnel budget) x100]			
TL41	Submit the Work Skills Plan to Local Government SETA by 31 May 2019	Work Skills Plan submitted to LGSETA by 31 May 2019	All	1

**Table 135: Provide Opportunities to Officials and Councilors for the Development of Professional and Leadership Skills and Enhance Employment Equity in the Organization**






### 3.15 INDIVIDUAL PERFORMANCE MANAGEMENT

#### A) MUNICIPAL MANAGER AND MANAGERS DIRECTLY ACCOUNTABLE TO THE MUNICIPAL MANAGER

The MSA prescribes that the municipality must enter into performance-based agreements with the all s57-employees and that performance agreements must be reviewed annually. This process and the format are further regulated by Regulation 805 (August 2006). The performance agreements for the 2017/18 financial year were signed during July 2017 as prescribed.

The appraisal of the actual performance in terms of the signed agreements takes place twice per annum as regulated. The final evaluation of the 2016/17 financial year (1 June 2016 to 30 July 2017) took place on 13 September 2017 and the mid-year performance of 2017/18 (1 July 2017 to 31 December 2017) took place on 14 February 2018. The final evaluation of the 2017/18 financial year (1 January 2018 to 30 June 2018) will take place on September 2018.

The appraisals were done by an evaluation panel as indicated in the signed performance agreements and in terms of Regulation 805 and consisted of the following people:

-  Executive Mayor;
-  Portfolio Chairpersons;
-  Acting Municipal Manager;
-  Chairperson/member of the Audit Committee; and
-  Municipal Manager from another municipality

## CHAPTER 4

## 4.1 NATIONAL KPI – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

The following table indicates the Municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organizational Development.

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2016/17	2017/18
The number of people from <b>employment equity</b> target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	1	1
The percentage of the municipality's salary budget actually spent on implementing its workplace skills plan	0.40%	0.50%

**Table 136: National KPIs– Municipal Transformation and Organisational Development**

## 4.2 HIGHLIGHTS: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT

Highlight	Description
Recruitment of personnel	The successful appointment of 23 new permanent employees and the promotion of 9 employees
Training	106 employees received training in the 2017/18 financial year
The development and approval of a new macro and micro staff structure for the municipality	A new macro- and micro structure was approved by council on 4 December 2017
The development / revision of two HR policies	The development of a Goodwill Policy in the Event of Death, etc. of relatives and the revision of the Travel and Substance Policy
Compliance with the Municipal Regulations on Minimum Competency Levels	All Senior Managers are compliant with the Municipal Regulations on Minimum Competency Levels and have the Certificate in Municipal Financial Management (SAQA Qualification)

**Table 137: Performance Highlights – Municipal Transformation and Organizational Development**

## 4.3 CHALLENGES: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT

Challenge	Action to address
Retention of skilled employees	To retain skilled employees with the implementation of the Staff Retention Policy
Improvement of employment equity targets	The appointment of African people and females in senior management positions and white people in the unskilled and defined decision-making occupational levels and white males in the semi-skilled and discretionary decision occupational levels
Performance management of lower level employees	Implementation of performance management for lower level employees (and not only for senior municipal managers)

Challenge	Action to address
The successful implementation of the newly designed and approved macro and micro staff structure of the Municipality	The implementation of the newly designed macro and micro staff structure of the Municipality, including the revision and evaluation of all TASK job descriptions
The revision and development of certain HR policies	<p>The revision, development and submission of the following HR policies to council for approval after consultation about it on the Local Labour Forum:</p> <ul style="list-style-type: none"> <li>Standby Service and Standby Allowance Policy</li> <li>Substance Abuse Policy</li> <li>Transport Allowance Scheme for Essential Users</li> <li>Vehicle Scheme for Senior Officials</li> <li>Use of Telephones and Cell Phones at the Workplace</li> </ul>
The TASK grading salary system	To better the inconsistency of the evaluation of TASK job descriptions, the disparities of TASK grades between similar posts and the unhappiness of employees about it.

**Table 138: Challenges: Municipal Transformation and Organizational Development**

#### 4.4 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Matzikama Municipality currently employs 406 officials, who individually and collectively contribute to the achievement of municipal objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

##### 4.4.1 EMPLOYMENT EQUITY

The Employment Equity Act (1998) Chapter 3, Section 15 (1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan".

##### A) EMPLOYMENT EQUITY

The tables below specify the targets of the Municipality and the actual performance as at 30 June 2017/18

African			Coloured			Indian			White		
Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach
137	38	28%	208	335	161%	1	0	0%	60	33	55%

**Table 139: Employment Equity Targets and Actual Performance by Racial Classification**

Male			Female			Disability		
Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach
215	272	127%	191	134	70%	10	8	80%

**Table 140: Employment Equity Targets and Actual Performance by Gender Classification**

##### B) EMPLOYMENT EQUITY VS. POPULATION

Description	African	Coloured	Other	White	Total
Population numbers	5 707	50 159	1 343	9 938	67 147
% Population	8%	75%	2%	15%	100
Number for positions filled	38	335	0	33	406
% for Positions filled	9%	83%	0%	8%	100%

**Table 141: Employment Equity vs. Population**

## C) OCCUPATIONAL CATEGORIES – RACE

Below is a table that specifies the number of employees by race within the specific occupational categories:

Posts filled									
Occupational	Male				Female				Total
Categories	A	C	I	W	A	C	I	W	
Legislators, senior officials and managers	0	8	0	5	0	1	0	1	15
Professionals	1	12	0	5	0	3	0	9	30
Technicians and associate professionals	0	14	0	1	0	0	0	0	15
Clerks	1	14	0	0	3	41	0	10	69
Service and sales workers	2	16	0	0	0	12	0	2	32
Craft and related trades workers	0	6	0	0	0	0	0	0	6
Plant and machine operators and assemblers	4	36	0	0	0	0	0	0	40
Elementary occupations	23	124	0	0	4	48	0	0	199
<b>Total permanent</b>	<b>31</b>	<b>230</b>	<b>0</b>	<b>11</b>	<b>7</b>	<b>105</b>	<b>0</b>	<b>22</b>	<b>406</b>
Non- permanent	0	0	0	0	0	0	0	0	0
<b>Grand total</b>	<b>31</b>	<b>230</b>	<b>0</b>	<b>11</b>	<b>7</b>	<b>105</b>	<b>0</b>	<b>22</b>	<b>406</b>

**Table 142: Occupational Categories - Race**

## D) OCCUPATIONAL LEVELS - RACE

The table below specifies the number of employees by race within the specific occupational levels:

Occupational	Male				Female				Total
Levels	A	C	I	W	A	C	I	W	
Top Management	0	0	0	1	0	0	0	0	1
Senior management	0	3	0	1	0	0	0	0	4
Professionally qualified and experienced specialists and mid- management	0	5	0	4	0	2	0	1	12
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	2	38	0	5	2	23	0	15	85
Semi-skilled and discretionary decision making	12	108	0	0	1	42	0	6	169
Unskilled and defined decision making	17	76	0	0	4	38	0	0	135
<b>Total permanent</b>	<b>31</b>	<b>230</b>	<b>0</b>	<b>11</b>	<b>7</b>	<b>105</b>	<b>0</b>	<b>22</b>	<b>406</b>
Non- permanent employees	0	0	0	0	0	0	0	0	0
<b>Grand total</b>	<b>31</b>	<b>230</b>	<b>0</b>	<b>11</b>	<b>7</b>	<b>105</b>	<b>0</b>	<b>22</b>	<b>406</b>

**Table 143: Occupational Levels - Race**

## E) DEPARTMENTS - RACE

The following table specifies the number of employees by race within the different departments:

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Municipal Manager	0	1	0	1	0	0	0	2	4
Development and Town Planning Services	0	6	0	1	0	1	0	5	13

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Corporate Services	1	4	0	1	1	17	0	5	29
Financial Services	1	14	0	2	1	33	0	9	60
Community Services	10	67	0	1	3	35	0	1	117
Technical Services	19	138	0	5	2	19	0	0	183
<b>Total permanent</b>	<b>31</b>	<b>230</b>	<b>0</b>	<b>11</b>	<b>7</b>	<b>105</b>	<b>0</b>	<b>22</b>	<b>406</b>
Non- permanent	0	0	0	0	0	0	0	0	0
<b>Grand total</b>	<b>31</b>	<b>230</b>	<b>0</b>	<b>11</b>	<b>7</b>	<b>105</b>	<b>0</b>	<b>22</b>	<b>406</b>

Table 144: Department – Race

#### 4.4.2 VACANCY RATE

The approved organogram for the Municipality had 496 posts for the 2017/18 financial year and 422 of the posts were budgeted for. The actual positions filled are 406 as indicated in the tables below by post level and by functional level. 31 Budgeted posts were vacant at the end of 2017/18, resulting in a vacancy rate of 7%.

Per Post Level		
Post level	Filled	Vacant
MM & MSA section 57 & 56	5	1
Middle management	10	1
Admin Officers	116	12
General Workers	186	8
<b>Total</b>	<b>317</b>	<b>22</b>
Per Functional Level		
Functional area	Filled	Vacant
Municipal Manager	4	1
Development and Town Planning Services	13	2
Corporate Services	29	3
Financial Services	60	3
Community Services	117	12
Technical Services	183	8
<b>Total</b>	<b>406</b>	<b>29</b>

Table 145: Vacancy Rate per Post and Functional Level

The table below specifies the current critical vacant positions:

Salary Level	Number of current critical vacancies	Number total posts as per organogram	Vacancy job title	Vacancies as a proportion of total posts per category
Municipal Manager	0	1	N/A	0%
Chief Financial Officer	0	1	N/A	0%
Other Section 57 Managers	0	4	N/A	0%
Senior Management	1	11	1(Manager: IDP/LED)	9%
Highly skilled supervision	4	30	Superintendent (Civil Maintenance)	13%

Salary Level	Number of current critical vacancies	Number total posts as per organogram	Vacancy job title	Vacancies as a proportion of total posts per category
			Superintendent (Traffic) x2 Foreman (Street Cleaning & Community Facilities)	
<b>Total</b>	<b>5</b>	<b>46</b>	<b>5</b>	<b>22%</b>

**Table 146: Critical Vacancies**

#### 4.4.3 TURNOVER RATE

A high employee turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organizational knowledge. Below is a table that specifies that the employee turnover rate for the Municipality increased from 5.25% in 2016/17 to 5.74% in 2017/18.

The table below indicates the turnover rate for the last two financial years:

Financial year	Total number of Appointments at the end of each Financial Year	New Appointments	Number of Terminations During the Year	Turn-over Rate
2016/17	396	19	21	5.25%
2017/18	406	33	23	5.74%

**Table 147: Turnover Rate**

#### 4.5 MANAGING THE MUNICIPAL WORKFORCE

Managing the municipal workforce refers to analysing and coordinating employee behaviour.

##### 4.5.1 INJURIES

The injury rate increased from 28 employees injured in the 2016/17 financial year to 44 employees in the 2017/18 financial year.

The table below specifies the total number of injuries within the different departments:

Directorates	2016/17	2017/18
Municipal Manager	0	0
Development and Town Planning Services	0	0
Corporate Services	0	0
Financial Services	0	4
Community Services	12	15
Technical Services	16	25
<b>Total</b>	<b>28</b>	<b>44</b>

**Table 148: Injuries**

##### 4.5.2 SICK LEAVE

The total number of sick leave days taken during the 2017/18 financial year decreased when compared to the 2016/17 financial year.

The table below specifies the total number sick leave days taken within the different directorates:

Department	2016/17	2017/18
Municipal Manager	29	11

Department	2016/17	2017/18
Development and Town Planning Services	50	78
Corporate Services	275	137
Financial Services	226	158
Community Services	769	408
Technical Services	969	908
<b>Total</b>	<b>2 318</b>	<b>1 699</b>

Table 149: Sick Leave

### 4.5.3 HR POLICIES AND PLANS

The Human Resource Management policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the management of staff.

The table below shows the HR policies and plans that were approved and/or revised in 2017/18 and that still needs to be developed:

Approved Policies	
Name of Policy	Date Approved/ Revised
Payment of Furniture Removal Costs regarding New Appointments	31 July 2001
Smoking in the Workplace	30 June 2003
Misuse of Intoxicated Substances	30 June 2003
HIV / AIDS in the Workplace	30 June 2003
Sexual Harassment in the Workplace	30 June 2003
Overtime Work by Employees	22 February 2005
Transport Allowance Scheme for Essential Users	6 May 2005
Vehicle Scheme for Senior Officials	31 October 2005
Procedure for the Appointment of Personnel	1 August 2009
Recruitment of "Scarce Skills"	13 April 2010
Induction Policy	31 January 2011
Performance Management Policy	2 August 2011
Study Bursaries Policy	29 October 2013
Employee Assistance Programme Policy	6 December 2013
Acting Allowance Policy	29 May 2015
Use of Telephones and Cell Phones at the Workplace	8 June 2015
Consent regarding Private Work to Employees	27 October 2015
Clothing (in the Workplace) Policy	29 March 2016
Revised Subsistence and Travel Policy	31 May 2016???
Staff Retention Policy	28 June 2016
Revised Standby Service and Standby Allowance Policy	30 June 2017
Revised Procedure for the Appointment of Personnel	30 June 2017
Revised Scarce Skills Policy	30 June 2017
Goodwill Policy in the Event of Death, Hospitalization of Employees or the Birth of Children of Employees and in the case of Deaths of Employees' Next of Kin	26 September 2017
Revised Subsistence and Travel Policy	27 March 2018

Approved Policies	
Name of Policy	Date Approved/ Revised
Revised Standby Service and Standby Allowance Policy	31 December 2018
Revised Substance Abuse Policy	31 December 2018
Transport Allowance Scheme for Essential Users	31 December 2018
Vehicle Scheme for Senior Officials	31 December 2018
Use of Telephones and Cell Phones at the Workplace	31 December 2018

**Table 150: HR Policies and Plans**

#### 4.6 CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the MSA states that municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this reason, the human resource capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

##### 4.6.1 SKILLS MATRIX

The table below specifies the number of employees that received training in the year under review:

Management level	Gender	Number of employees Identified for Training at the Start of the Year	Number of Employees that Received Training as Identified in WSP	Number of Employees that Received <i>Adhoc</i> Training
MM and S57	Female	0	0	0
	Male	0	0	5
Legislators, senior officials and managers	Female	0	0	2
	Male	4	4	4
Professionals	Female	6	2	6
	Male	8	6	9
Associate professionals and Technicians	Female	0	0	0
	Male	7	7	2
Clerks	Female	18	3	7
	Male	4	1	5
Service and sales workers	Female	7	0	7
	Male	13	3	1
Craft and related trade workers	Female	0	0	0
	Male	6	2	0
Plant and machine operators and assemblers	Female	0	0	0
	Male	12	6	12
Elementary occupations	Female	4	2	1
	Male	5	4	5
Sub total	Female	35	7	23
	Male	59	33	43
Total		94	40	66

**Table 151: Skills Matrix**

##### 4.6.2 SKILLS DEVELOPMENT – TRAINING PROVIDED

The Skills Development Act (1998) and the MSA, require employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilization and training of staff.

Occupational categories	Gender	Training provided within the reporting period							
		Learnerships		Skills programmes & other short courses		Adhoc training	Total		
		Actual	Target	Actual	Target	Actual	Actual	Target	% Variance
MM and S57	Female	0	0	0	0	0	0	0	N/A
	Male	0	0	0	0	5	5	0	0%
Legislators, senior officials and managers	Female	0	0	0	0	2	2	0	0%
	Male	0	0	4	4	4	8	4	100%
Professionals	Female	0	0	2	6	6	8	6	33%
	Male	0	1	6	7	9	15	8	88%
Technicians and associate professionals	Female	0	0	0		0	0	0	0%
	Male	0	1	7	6	2	9	7	29%
Clerks	Female	0	1	3	17	7	10	18	(44%)
	Male	0	3	1	1	5	6	4	50%
Service and sales workers	Female	0	0	0	7	7	7	7	0%
	Male	0	5	3	8	1	4	13	(69%)
Craft and related trade workers	Female	0	0	0	0	0	0	0	0%
	Male	0	0	2	6	0	2	6	(67%)
Plant and machine operators and assemblers	Female	0	0	0	0	0	0	0	0%
	Male	0	6	6	6	12	18	12	50%
Elementary occupations	Female	0	1	2	3	1	3	4	(25%)
	Male	0	1	4	4	5	9	5	80%
Sub total	Female	0	2	7	33	23	30	35	(14%)
	Male	0	17	33	42	43	76	59	29%
Total		0	19	40	75	66	106	94	13%

**Table 152: Skills Development**

#### 4.6.4 SKILLS DEVELOPMENT - BUDGET ALLOCATION

The table below indicates that a total amount of R630 000 was allocated to the workplace skills plan and that 95% of the total amount was spent in the 2017/18 financial year:

Total personnel budget	Total Allocated	Total Spend	% Spend
R'000			%
R118 771 553	R630 000	R598 371	95%

**Table 153: Budget Allocated and Spent for Skills Development**

#### 4.7 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

Section 66 of the MSA states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

##### 4.7.1 PERSONNEL EXPENDITURE

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowances for the past two financial years and that the Municipality is within the national norm of between 35 to 40%:

Financial year	Total Expenditure salary and allowances	Total Operating Expenditure	Percentage (%)
	R'000		
2016/17	108 780	274 024	39.70
2017/18	119 761	287 071	41.72

**Table 154: Personnel Expenditure as % of Total Operating Expenditure**

Below is a summary of Councillor and staff benefits for the year under review:

Financial year	2016/17	2017/18		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Councillors (Political Office Bearers plus Other)				
Salary	5 353	5 799	5 717	5 817
Pension Contributions	182	212	182	183
Medical Aid Contributions	8	0	0	0
Motor Vehicle Allowance	219	228	228	228
Cell Phone Allowance	339	366	612	611
Sub Total	6 100	6 605	6 739	6 839
% increase/ (decrease)	3.2%	8.28%	2.03%	1.48%
Senior Managers of the Municipality				
Salary	3 455	4 758	5 949	4 492
Pension Contributions	481	582	369	305
Medical Aid Contributions	175	219	119	87
Motor Vehicle Allowance	643	896	802	789
Cell Phone Allowance	54	13	19	44
Performance Bonus	437	910	0	735
Other Benefits or Allowances	589	221	1 751	1 791
Sub Total	5 834	7 599	9 010	8 243
% increase/ (decrease)	(19.1%)	30.25%	18.57%	-8.51%
Other Municipal Staff				
Basic Salaries and Wages	67 955	74 909	71 495	71 799
Pension Contributions	11 441	14 308	11 766	11 330
Medical Aid Contributions	3 225	3 780	3 635	3 377
Motor Vehicle Allowance	3 727	4 772	4 773	4 758

Financial year	2016/17	2017/18		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Cell Phone Allowance	104	113	217	189
Housing Allowance	131	778	487	201
Overtime	4 341	4 511	5 008	5 472
Other Benefits or Allowances	5 921	2 756	6 127	7 553
<b>Sub Total</b>	<b>96 845</b>	<b>105 927</b>	<b>103 509</b>	<b>104 679</b>
<b>% increase/ (decrease)</b>	<b>10.5%</b>	<b>9.38%</b>	<b>-2.28%</b>	<b>-0.94%</b>
<b>Total Municipality</b>	<b>108 780</b>	<b>120 132</b>	<b>119 259</b>	<b>119 761</b>
<b>% increase/ (decrease)</b>	<b>7.9%</b>	<b>10.44%</b>	<b>-0.73%</b>	<b>-1.38%</b>

Table 155: Personnel Expenditure



#### 4.8 MFMA COMPETENCIES

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the MFMA. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted to 30 September 2015 in terms of Government Notice 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations."

20 Employees were identified to obtain the above-mentioned qualification and prescribed competencies.

Their progress are as follows:

-  13 employees completed the Municipal Minimum Competency Level training
-  7 employees are still busy finalising their training

The table below provides details of the financial competency development progress as required by the Annexure to the Regulations:

Financial Competency Development: Progress Report				
Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>				
Accounting officer	1	1	1	1
Chief financial officer	1	1	1	1
Senior managers	3	2	3	3
Any other financial officials	13	0	0	6
<b>Supply Chain Management Officials</b>				
Heads of supply chain management units	1	0	0	1

Financial Competency Development: Progress Report				
Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Supply chain management senior managers	1	0	0	1
<b>Total</b>	<b>20</b>	<b>4</b>	<b>5</b>	<b>13</b>

**Table 156: Financial Competency Development: Progress Report**

## CHAPTER 5

This chapter provides details regarding the financial performance of the Municipality for the 2016/17 financial year.

### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The Statement of Financial Performance provides an overview of the financial performance of the Municipality and focuses on the financial health of the Municipality.

#### 5.1 FINANCIAL SUMMARY

The table below indicates the summary of the financial performance for the 2017/18 financial year:

Description	2016/17		2017/18		2016/17 Variance	
	R'000				%	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Financial performance						
Property rates	42 530	46 632	47 283	44 727	-4	-5
Service charges	147 352	159 814	157 628	140 281	-12	-11
Investment revenue	1 701	1 550	1 550	2 498	61	61
Transfers recognised - operational	54 632	57 074	60 356	59 053	3	-2
Other own revenue	23 286	26 271	32 381	26 580	1	-18
Total revenue (excluding capital transfers and contributions)	269 501	291 341	299 198	273 139	-6	-9
Employee costs	102 148	112 749	112 032	111 255	-1	-1
Remuneration of councillors	6 100	6 605	6 739	6 839	4	1
Depreciation & asset impairment	13 648	14 822	15 512	13 953	-6	-10
Finance charges	7 817	10 159	10 270	8 242	-19	-20
Materials and bulk purchases	97 920	90 281	98 134	96 141	6	-2
Transfers and grants	1 079	1 132	1 519	1 428	26	-6
Other expenditure	47 479	55 581	54 954	52 230	-11	-10
Total expenditure	276 191	291 329	299 160	290 088	0	-3
Surplus/(Deficit)	(6 690)	12	38	(16 949)	-141 142	-44 502
Transfers recognised - capital	24 702	38 519	50 567	35 859	-7	-29
Contributed assets	19 523	0	0	8	100	100
Surplus/(deficit)	37 534	38 531	50 605	18 917	-51	-63

Description	2016/17		2017/18		2016/17 Variance	
	R'000				%	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital (including housing development fund)	21 733	34 819	50 567	31 475	-10	-38
Public contributions & donations	0	3 700	0	0	-100	0
Borrowing	0	0	0	0	0	0
Internally generated funds	3 610	9 190	11 630	9 179	0	-21
Total sources of capital funds	25 343	47 709	62 197	40 655	-15	-35
Financial position						
Total current assets	28 151	38 377	47 376	78 128	104	65
Total non-current assets	616 412	659 791	661 931	642 088	-3	-3
Total current liabilities	27 551	44 681	39 158	80 504	80	106
Total non-current liabilities	110 135	130 326	112 319	113 917	-13	1
Community wealth/equity	506 877	523 160	557 831	525 795	0	-6
Cash flows						
Net cash from (used) operating	22 117	31 269	42 929	83 392	167	94
Net cash from (used) investing	(24 663)	(47 709)	(62 197)	(39 500)	-17	-36
Net cash from (used) financing	(3 848)	(4 938)	(3 913)	(1 555)	-68	-60
Cash/cash equivalents at the year end	4 116	(2 044)	15 570	42 337	1971	172
Cash backing/surplus reconciliation						
Cash and investments available	4 116	8 466	19 686	46 453	449	136
Application of cash and investments	(4 804)	(2 540)	(4 864)	(25 531)	905	425
Balance - surplus (shortfall)	(688)	5 926	14 822	20 922	253	41
Asset management						
Asset register summary (WDV)	615 168	646 791	661 853	641 968	-1	-3
Depreciation & asset impairment	13 602	14 822	15 512	13 870	-6	-11
Renewal of existing assets	6 727	10 960	11 553	9 039	-18	-22
Repairs and maintenance	11 242	7 713	9 253	8 829	14	-5
Free services						
Cost of free basic services provided	9 382	9 060	9 250	9 705	7	5
Revenue cost of free services provided	453	600	600	535	-11	-11
Households below minimum service level						
Water	0	0	0	0	0	0
Sanitation/sewerage	0	0	0	0	0	0
Energy	0	0	0	0	0	0

Description	2016/17		2017/18		2016/17 Variance	
	R'000				%	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Refuse	0	0	0	0	0	0
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

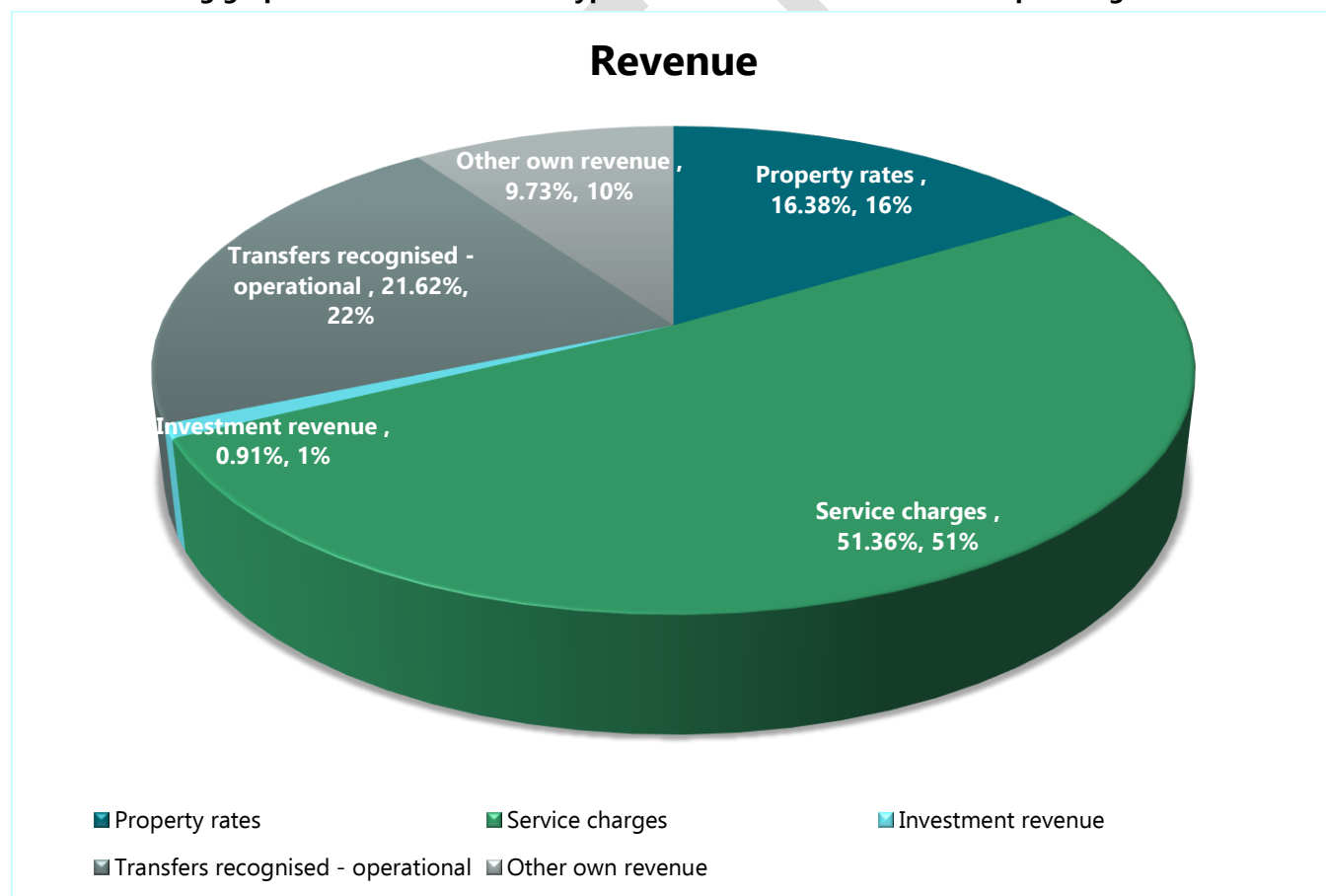
**Table 157: Financial Performance**

The table below shows a summary of performance against budgets:

Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000	R'000	R'000		R'000	R'000	R'000	
2016/17	306 496	313 725	7 229	2%	282 491	276 191	-6 300	-2
2017/18	349 764	309 006	-40 758	-12%	299 160	290 088	-9 072	-3

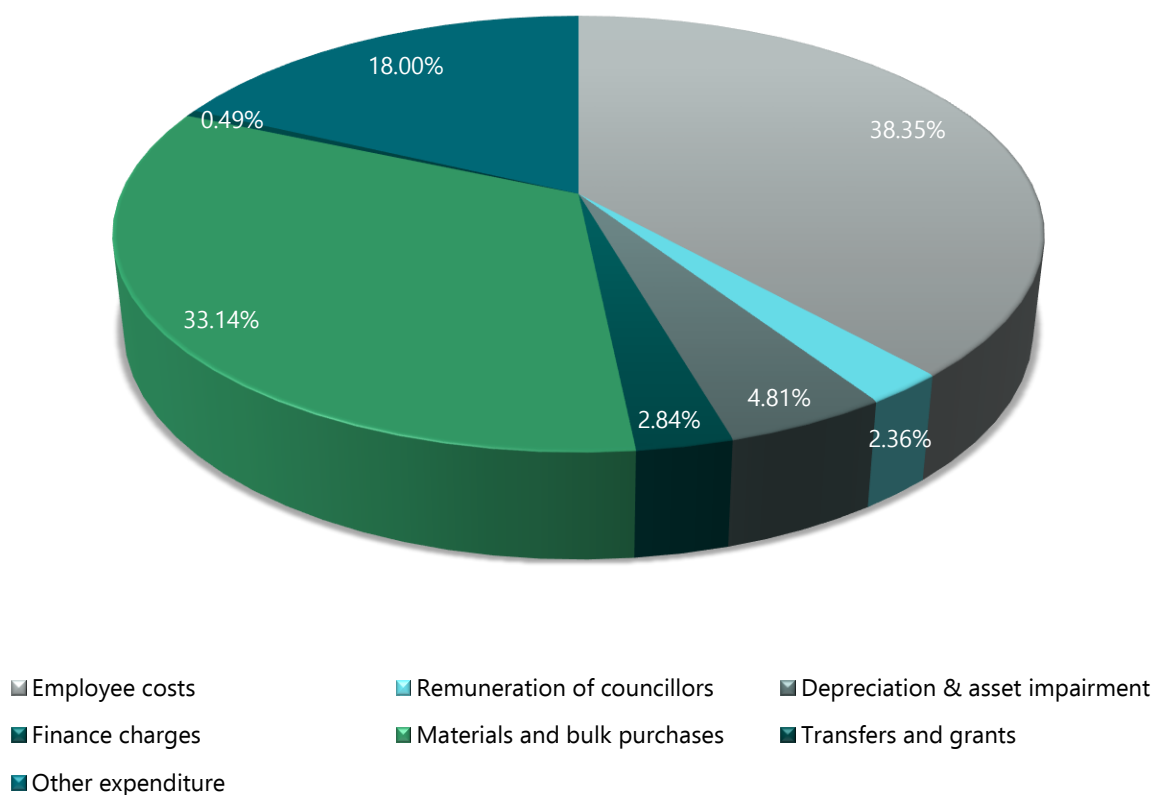
**Table 158: Performance Against Budgets**

The following graph indicates the various types of revenue items in the municipal budget for 2017/18

**Graph 6.: Revenue**

The following graph indicates the various types of operational expenditure items in the municipal budget for 2017/18

### Operational Expenditure



Graph 7.: Operating expenditure

#### 5.1.1 REVENUE COLLECTION BY VOTE

The table below indicates the revenue collection performance by vote:

Vote Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget %	Adjusted Budget %
	R'000					
Vote 1 - Executive & Council	19 859	-	250	231	-	-8
Vote 2 - Finance	110 614	129 254	145 342	127 577	-1%	-12
Vote 3 - Corporate	3 655	328	4 335	1 508	360%	-65
Vote 4 - Community Services	37 937	36 525	50 875	47 172	29%	-7
Vote 5 - Public Works and Basic Services	140 358	150 959	148 963	132 518	-12%	-11
Vote 6 - Development and Town Planning Services	1 302	12 795	0	0	-100%	0
<b>Total Revenue by Vote</b>	<b>313 725</b>	<b>329 860</b>	<b>349 764</b>	<b>309 006</b>	<b>-6%</b>	<b>-12</b>
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

Table 159: Revenue Collection by Vote

#### 5.1.2 REVENUE COLLECTION BY SOURCE

The table below indicates the revenue collection performance by source for the 2017/18 financial year:

Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget %	Adjusted Budget %
	R'000					
Property rates	42 530	46 632	47 283	44 727	-4	-5
Property rates - penalties & collection charges	0	0	0	0	0	0
Service charges - electricity revenue	102 379	110 459	110 533	100 072	-9	-9
Service charges - water revenue	16 952	18 498	16 538	11 016	-40	-33
Service charges - sanitation revenue	13 740	15 268	15 118	14 252	-7	-6
Service charges - refuse revenue	14 281	15 590	15 440	14 941	-4	-3
Service charges - other	0	0	0	0	0	0
Rentals of facilities and equipment	3 621	4 066	1 432	1 597	-61	11
Interest earned - external investments	1 701	1 550	1 550	2 498	61	61
Interest earned - outstanding debtors	3 162	3 100	2 449	2 835	-9	16
Dividends received	0	0	0	0	0	0
Fines	5 825	2 463	2 463	10 835	340	340
Licenses and permits	1 164	1 071	1 070	1 302	22	22
Agency services	2 740	3 071	3 071	3 285	7	7
Transfers recognised - operational	54 632	57 074	60 356	59 053	3	-2
Other revenue	6 774	4 827	11 122	6 241	29	-44
Gains on disposal of PPE	0	7 674	10 774	486	-94	-95
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>269 501</b>	<b>291 341</b>	<b>299 197</b>	<b>273 139</b>	<b>-6</b>	<b>-9</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

Table 160: Revenue Collection by Source

### 5.1.3 OPERATIONAL SERVICES PERFORMANCE

The table below indicates the operational services performance for the 2017/18 financial year:

Financial Performance of Operational Services						
R'000						
Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget %	Adjusted Budget %
Operating Cost						
Water services	(2 129)	(813)	(2 222)	(6 476)	696	191
Waste water services (sanitation)	1 827	3 259	2 743	1 495	-54	-46
Electricity services	5 374	12 037	12 081	2 343	-81	-81
Waste management services	(4 025)	(6 779)	(7 501)	(7 311)	8	-3
Housing	(419)	(521)	(637)	(445)	-15	-30
<b>Component A: sub-total</b>	<b>628</b>	<b>7 182</b>	<b>4 464</b>	<b>(10 394)</b>	<b>-245</b>	<b>333</b>
Roads and stormwater	(20 625)	(22 036)	(22 598)	(21 223)	-4	-6

Financial Performance of Operational Services						
R'000						
Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget %	Adjusted Budget %
<b>Component B: sub-total</b>	<b>(20 625)</b>	<b>(22 036)</b>	<b>(22 598)</b>	<b>(21 223)</b>	<b>-4</b>	<b>-6</b>
Planning and building control	(3 886)	(4 317)	(3 952)	(3 737)	-13	-6
Local economic development	(3 672)	(1 743)	(4 911)	(4 137)	137	-16
Tourism	(1 303)	(1 500)	(1 516)	(1 495)	0	-1
<b>Component C: sub-total</b>	<b>(8 861)</b>	<b>(7 560)</b>	<b>(10 379)</b>	<b>(9 369)</b>	<b>24</b>	<b>-10</b>
Libraries	117	(609)	(71)	69	-111	197
Cemeteries	4	(116)	(46)	1	-101	3417
Child care, aged care & social programmes	0	0	0	0	0	0
Community facilities and Thusong centers	(6 159)	(6 966)	(6 577)	(5 992)	-14	-10
<b>Component D: sub-total</b>	<b>(6 038)</b>	<b>(7 691)</b>	<b>(6 694)</b>	<b>(5 922)</b>	<b>-23</b>	<b>-11</b>
Environmental management	0	0	0	0	0	0
<b>Component E: sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Traffic services and law enforcement	(3 881)	(5 546)	(4 644)	(2 941)	-47	-37
Fire Services and disaster management	0	0	0	0	0	0
<b>Component F: sub-total</b>	<b>(3 881)</b>	<b>(5 546)</b>	<b>(4 644)</b>	<b>(2 941)</b>	<b>-47</b>	<b>-37</b>
Sport and recreation	(3 995)	(4 470)	(4 328)	(3 771)	-16	-15
<b>Component G: sub-total</b>	<b>(3 995)</b>	<b>(4 470)</b>	<b>(4 328)</b>	<b>(3 771)</b>	<b>-16</b>	<b>-13</b>
Executive and Council	7 520	(13 915)	(14 830)	(13 950)	0	-6
Financial services	83 690	108 365	122 957	100 309	-7	-18
Corporate services	(10 904)	(15 798)	(13 343)	(13 822)	-13	4
<b>Component H: sub-total</b>	<b>80 306</b>	<b>78 652</b>	<b>94 784</b>	<b>72 537</b>	<b>-8</b>	<b>-23</b>
<b>Total Surplus</b>	<b>37 534</b>	<b>38 531</b>	<b>50 605</b>	<b>18 917</b>	<b>-51</b>	<b>-63</b>
<i>In this table operational income (but not levies or tariffs) is offset against operational expenditure leaving a net operational expenditure total for each service. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

Table 161: Operational Services Performance

## 5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

## 5.2.1 WATER SERVICES

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue</b>	<b>17 143</b>	<b>18 498</b>	<b>16 538</b>	<b>11 016</b>	<b>-40</b>
<b>Expenditure:</b>					
Employees	6 902	7 255	7 578	6 902	-5

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Repairs and Maintenance	2 150	699	1 069	964	38
Other	10 219	11 357	10 112	9 625	-15
<b>Total Operational Expenditure</b>	<b>19 271</b>	<b>19 311</b>	<b>18 760</b>	<b>17 492</b>	<b>-9</b>
<b>Net Operational (Service) Expenditure</b>	<b>(2 129)</b>	<b>(813)</b>	<b>(2 222)</b>	<b>(6 476)</b>	<b>696</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 162: Financial Performance: Water services

## 5.2.2 WASTE WATER (SANITATION)

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue</b>	<b>13 740</b>	<b>15 268</b>	<b>15 117</b>	<b>14 252</b>	<b>-7</b>
<b>Expenditure:</b>					
Employees	4 692	5 039	5 312	5 295	5
Repairs and Maintenance	1 313	939	1 205	1 218	30
Other	5 909	6 032	5 858	6 244	4
<b>Total Operational Expenditure</b>	<b>11 914</b>	<b>12 009</b>	<b>12 374</b>	<b>12 757</b>	<b>6</b>
<b>Net Operational (Service) Expenditure</b>	<b>1 827</b>	<b>3 259</b>	<b>2 743</b>	<b>1 495</b>	<b>-54</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 163: Financial Performance: Waste Water (Sanitation) services

## 5.2.3 ELECTRICITY

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue</b>	<b>102 561</b>	<b>110 459</b>	<b>110 533</b>	<b>100 072</b>	<b>-9</b>
<b>Expenditure:</b>					
Employees	8 037	8 905	9 126	9 227	4
Repairs and Maintenance	1 103	1 194	1 075	1 093	-9
Other	88 046	88 323	88 251	87 409	-1
<b>Total Operational Expenditure</b>	<b>97 187</b>	<b>98 422</b>	<b>98 452</b>	<b>97 729</b>	<b>-1</b>
<b>Net Operational (Service) Expenditure</b>	<b>5 374</b>	<b>12 036</b>	<b>12 081</b>	<b>2 343</b>	<b>-81</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 164: Financial Performance: Electricity

## 5.2.4 WASTE MANAGEMENT

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue</b>	<b>14 362</b>	<b>15 640</b>	<b>15 490</b>	<b>14 984</b>	<b>-4</b>
<b>Expenditure:</b>					
Employees	11 811	12 418	13 187	14 252	15
Repairs and Maintenance	1 325	970	1 525	1 535	58
Other	5 251	9 031	8 279	6 508	-28
<b>Total Operational Expenditure</b>	<b>18 387</b>	<b>22 419</b>	<b>22 991</b>	<b>22 295</b>	<b>-1</b>
<b>Net Operational (Service) Expenditure</b>	<b>(4 025)</b>	<b>(6 779)</b>	<b>(7 501)</b>	<b>(7 311)</b>	<b>8</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 165: Financial Performance: Waste Management

## 5.2.5 HOUSING

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue</b>	<b>301</b>	<b>327</b>	<b>1 922</b>	<b>868</b>	<b>165</b>
<b>Expenditure:</b>					
Employees	678	646	777	740	15
Repairs and Maintenance	(0)	3	3	1	-67
Other	41	198	1 778	571	188
<b>Total Operational Expenditure</b>	<b>720</b>	<b>848</b>	<b>2 558</b>	<b>1 312</b>	<b>55</b>
<b>Net Operational (Service) Expenditure</b>	<b>(419)</b>	<b>(521)</b>	<b>(637)</b>	<b>(445)</b>	<b>-15%</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 166: Financial Performance: Housing

## 5.2.6 ROADS AND STORMWATER

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue</b>	<b>1 511</b>	<b>1 509</b>	<b>1 509</b>	<b>1 509</b>	<b>0</b>
<b>Expenditure:</b>					
Employees	13 417	15 494	15 129	14 524	-6
Repairs and Maintenance	2 323	1 368	1 751	2 057	50
Other	6 396	6 683	7 228	6 150	-8
<b>Total Operational Expenditure</b>	<b>22 136</b>	<b>23 545</b>	<b>24 107</b>	<b>22 731</b>	<b>-3</b>
<b>Net Operational (Service) Expenditure</b>	<b>(20 625)</b>	<b>(22 036)</b>	<b>(22 598)</b>	<b>(21 223)</b>	<b>-4</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 167: Financial Performance: Roads and Stormwater

## 5.2.7 PLANNING AND BUILDING CONTROL

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue</b>	<b>1 183</b>	<b>493</b>	<b>483</b>	<b>284</b>	<b>-42</b>
<b>Expenditure:</b>					
Employees	2 808	3 434	3 591	3 674	7%
Repairs and Maintenance	335	0	0	0	0
Other	1 926	1 376	844	347	-75
<b>Total Operational Expenditure</b>	<b>5 069</b>	<b>4 810</b>	<b>4 435</b>	<b>4 021</b>	<b>-16</b>
<b>Net Operational (Service) Expenditure</b>	<b>(3 886)</b>	<b>(4 317)</b>	<b>(3 952)</b>	<b>(3 737)</b>	<b>-13</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 168: Financial Performance: Planning

## 5.2.8 LED

Description	2015/16	2016/17			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue</b>	<b>119</b>	<b>3 700</b>	<b>470</b>	<b>344</b>	<b>-91</b>
<b>Expenditure:</b>					
Employees	3 266	4 282	3 528	3 482	-19
Repairs and Maintenance	2	0	0	0	0
Other	523	1 161	1 853	999	-14
<b>Total Operational Expenditure</b>	<b>3 791</b>	<b>5 443</b>	<b>5 381</b>	<b>4 481</b>	<b>-18</b>
<b>Net Operational (Service) Expenditure</b>	<b>(3 672)</b>	<b>(1 743)</b>	<b>(4 911)</b>	<b>(4 137)</b>	<b>137</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 169: Financial Performance: LED

## 5.2.9 TOURISM

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue</b>	<b>0</b>	<b>526</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Expenditure:</b>					
Employees	413	526	542	523	-1
Repairs and Maintenance	0	0	0	0	0
Other	890	974	974	973	0
<b>Total Operational Expenditure</b>	<b>(1 303)</b>	<b>1 500</b>	<b>1 516</b>	<b>1 495</b>	<b>0</b>
<b>Net Operational (Service) Expenditure</b>	<b>(1 303)</b>	<b>(1 500)</b>	<b>(1 516)</b>	<b>(1 495)</b>	<b>0</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 170: Financial Performance: Tourism

## 5.2.10 LIBRARIES

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue</b>	<b>5 879</b>	<b>6 130</b>	<b>6 230</b>	<b>6 259</b>	<b>2</b>
<b>Expenditure:</b>					
Employees	5 138	5 654	5 511	5 536	-2
Repairs and Maintenance	45	47	40	40	-15
Other	580	1 037	750	614	-41
<b>Total Operational Expenditure</b>	<b>5 763</b>	<b>6 739</b>	<b>6 301</b>	<b>6 189</b>	<b>-8</b>
<b>Net Operational (Service) Expenditure</b>	<b>117</b>	<b>(609)</b>	<b>(71)</b>	<b>69</b>	<b>-89</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 171: Financial Performance: Libraries

## 5.2.11 CEMETERIES

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue</b>	<b>288</b>	<b>317</b>	<b>317</b>	<b>257</b>	<b>-19</b>
<b>Expenditure:</b>					
Employees	5	20	0	0	0
Repairs and Maintenance	279	412	342	245	-41
Other	0	20	20	11	-45
<b>Total Operational Expenditure</b>	<b>284</b>	<b>433</b>	<b>363</b>	<b>256</b>	<b>-41</b>
<b>Net Operational (Service) Expenditure</b>	<b>4</b>	<b>(116)</b>	<b>(46)</b>	<b>1</b>	<b>-99</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 172: Financial Performance: Cemeteries

## 5.2.12 COMMUNITY FACILITIES AND THUSONG CENTRE

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue</b>	<b>523</b>	<b>490</b>	<b>490</b>	<b>623</b>	<b>27</b>
<b>Expenditure:</b>					
Employees	5 618	6 361	6 026	5 746	-10
Repairs and Maintenance	276	201	126	70	-65
Other	787	894	915	799	-11
<b>Total Operational Expenditure</b>	<b>6 682</b>	<b>7 456</b>	<b>7 067</b>	<b>6 615</b>	<b>-11</b>
<b>Net Operational (Service) Expenditure</b>	<b>(6 159)</b>	<b>(6 966)</b>	<b>(6 577)</b>	<b>(5 992)</b>	<b>-14</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 173: Financial Performance: Community Facilities and Thusong Centre

## 5.2.13 TRAFFIC SERVICES AND LAW ENFORCEMENT

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue</b>	<b>10 324</b>	<b>7 218</b>	<b>7 218</b>	<b>16 043</b>	<b>122</b>
<b>Expenditure:</b>					
Employees	9 156	10 481	9 291	9 892	-6
Repairs and Maintenance	229	172	240	180	5
Other	4 820	2 111	2 330	8 912	322
<b>Total Operational Expenditure</b>	<b>14 205</b>	<b>12 764</b>	<b>11 861</b>	<b>18 984</b>	<b>49</b>
<b>Net Operational (Service) Expenditure</b>	<b>(3 881)</b>	<b>(5 546)</b>	<b>(4 644)</b>	<b>(2 941)</b>	<b>-47</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 174: Financial Performance: Traffic Services and Law Enforcement

## 5.2.14 SPORT AND RECREATION

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue</b>	<b>2 280</b>	<b>2 569</b>	<b>2 569</b>	<b>2 126</b>	<b>-17</b>
<b>Expenditure:</b>					
Employees	4 421	4 866	4 565	4 082	-16
Repairs and Maintenance	839	1 063	995	731	-31
Other	1 016	1 111	1 338	1 084	-2
<b>Total Operational Expenditure</b>	<b>6 276</b>	<b>7 039</b>	<b>6 898</b>	<b>5 897</b>	<b>-16</b>
<b>Net Operational (Service) Expenditure</b>	<b>(3 995)</b>	<b>(4 470)</b>	<b>(4 328)</b>	<b>(3 771)</b>	<b>-16</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 175: Financial Performance: Sport and Recreation

## 5.2.15 EXECUTIVE AND COUNCIL

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue</b>	<b>19 859</b>	<b>0</b>	<b>250</b>	<b>231</b>	<b>-100</b>
<b>Expenditure:</b>					
Employees	4 456	4 544	5 056	4 407	-3
Repairs and Maintenance	0	0	0	0	0
Other	7 883	9 371	10 025	9 774	4
<b>Total Operational Expenditure</b>	<b>12 339</b>	<b>13 915</b>	<b>15 080</b>	<b>14 181</b>	<b>2</b>
<b>Net Operational (Service) Expenditure</b>	<b>7 520</b>	<b>(13 915)</b>	<b>(14 830)</b>	<b>(13 950)</b>	<b>0</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 2: Financial Performance: Executive and Council

## 5.2.16 FINANCE

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue</b>	<b>119 996</b>	<b>146 917</b>	<b>166 295</b>	<b>137 983</b>	<b>-6%</b>
<b>Expenditure:</b>					
Employees	13 210	14 712	15 369	15 324	4
Repairs and Maintenance	966	401	641	539	34
Other	22 128	23 438	27 328	21 811	-7
<b>Total Operational Expenditure</b>	<b>36 305</b>	<b>38 551</b>	<b>43 338</b>	<b>37 674</b>	<b>-2</b>
<b>Net Operational (Service) Expenditure</b>	<b>83 690</b>	<b>108 365</b>	<b>122 957</b>	<b>100 309</b>	<b>-7</b>

*Variances are calculated by dividing the difference between the actual and original budget by the actual.*

Table 3: *Financial Performance: Finance*

## 5.2.17 CORPORATE SERVICES

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue</b>	<b>3 655</b>	<b>328</b>	<b>4 335</b>	<b>1 508</b>	<b>360</b>
<b>Expenditure:</b>					
Employees	8 665	8 113	7 445	7 649	-6
Repairs and Maintenance	260	242	242	158	-35
Other	5 634	7 771	9 990	7 523	-3
<b>Total Operational Expenditure</b>	<b>14 559</b>	<b>16 126</b>	<b>17 677</b>	<b>15 330</b>	<b>-5</b>
<b>Net Operational (Service) Expenditure</b>	<b>(10 904)</b>	<b>(15 798)</b>	<b>(13 343)</b>	<b>(13 822)</b>	<b>-13</b>

*Variances are calculated by dividing the difference between the actual and original budget by the actual.*

Table 4: *Financial Performance: Corporate Services*

## 5.3 GRANTS

## 5.3.1 GRANT PERFORMANCE

The performance in the spending of grants is summarised as follows:

Description	2016/17		2017/18		2017/18 Variance	
	Actual (Audited Outcome)	Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000			%		
<b>National Government:</b>	<b>46 875</b>	<b>50 517</b>	<b>50 517</b>	<b>50 517</b>	<b>0.00%</b>	<b>0.00</b>
Equitable share	44 100	47 561	47 561	47 561	0.00%	0.00
Department of Mineral Resources	181	0	0	0	0.00%	0.00
Finance Management Grant (FMG)	1 475	1 550	1 550	1 550	0.00%	0.00
EPWP	1 119	1 406	1 406	1 406	0.00%	0.00%
<b>Provincial Government:</b>	<b>7 757</b>	<b>6 557</b>	<b>8 300</b>	<b>8 536</b>	<b>30.19%</b>	<b>2.85</b>

Description	2016/17		2017/18		2017/18 Variance	
	Actual (Audited Outcome)	Budget	Adjust- ments Budget	Actual	Original Budget	Adjust- ments Budget
	R'000			%		
Community Development Workers (CDW's)	113	111	111	111	0.00%	0.00
Library Services	5 815	6 076	6 176	6 179	1.69%	0.04
Finance Management Support Grant (FMSG)	893	0	530	530	-100.00%	0.00
Public Transport Infrastructure	64	65	65	65	0.00%	0.00
Municipal Capacity Building Grant	62	240	240	178	-25.75%	-25.75
Municipal Service Delivery and Capacity Building Grant	600	0	250	680	-100.00%	172.02
Western Cape Financial Support for IDP related Projects	119	0	0	0	0.00%	0.00
Thusong services centers operational grant	31	65	65	65	0.00%	0.00
Local Government Graduate Internship Grant	60	0	0	0	0.00%	0.00
Human Settlements	0	0	697	562	-100.00%	-19.30
Municipal Infrastructure Support Grant	0	0	166	166	-100.00%	0.08
<b>Total Operating Transfers and Grants</b>	<b>54 632</b>	<b>57 074</b>	<b>58 817</b>	<b>59 053</b>	<b>0.00%</b>	<b>0.40</b>

Table 5: *Grant Performance for 2017/18*

### 5.3.2 CONDITIONAL GRANTS (EXCLUDING MIG)

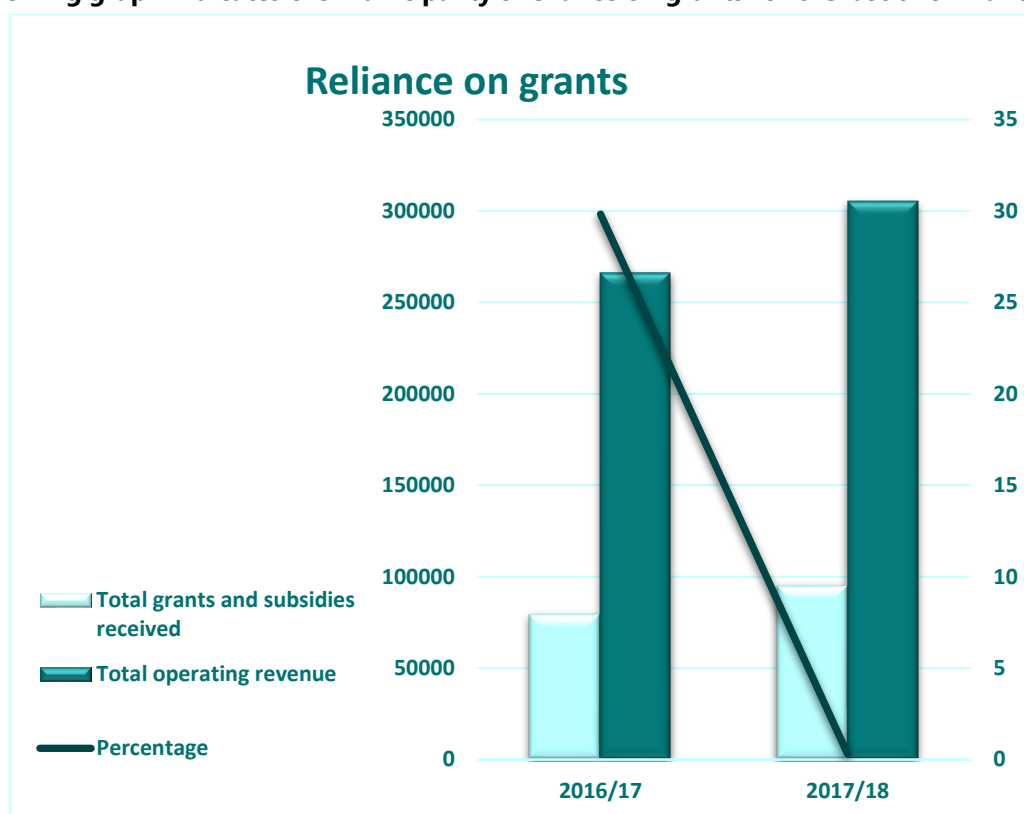
Details	2017/18			2017/18 Variance	
	Budget	Adjustments Budget	Actual	Budget	Adjustments Budget
	R'000			%	
Department of Mineral Resources	111	111	111	0%	0
Financial Management Grant (FMG)	6246	6246	6 246	0%	0
Expanded Public Works Programme	0	530	530	100%	0
Municipal Water Infrastructure Grant	65	65	65	0%	0
Community Development Workers	240	298	178	-35%	-67
Library Services	0	250	680	100%	63
Western Cape Financial Management Support Grant	100	100	65	-54%	-54
Public Transport Infrastructure	0	697	562	100%	-24
Municipal Capacity Building Grant	0	12720	1 438	100%	-785
Municipal Service Delivery and Capacity Building Grant	0	7627	549	100%	-1289
Thusong services centers operational grant	0	166	166	100%	0
Human Settlements	111	111	111	0%	0
Municipal Drought Relief Grant	6246	6246	6 246	0%	0
Municipal Disaster Recovery Grant	0	530	530	100%	0
Transport, Education and Training SETA	65	65	65	0%	0
<b>Total</b>	<b>240</b>	<b>298</b>	<b>178</b>	<b>-35%</b>	<b>-67</b>

Table 6: *Conditional Grant (excl. MIG)***5.3.3 LEVEL OF RELIANCE ON GRANTS & SUBSIDIES**

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	R'000	R'000	%
2016/17	79 334	265 991	29.83
2017/18	94 912	305 057	31.11%

Table 7: *Reliance on Grants*

The following graph indicates the municipality's reliance on grants for the last two financial years:

**Graph 8.: Reliance on grants**

## 5.4 ASSET MANAGEMENT

## 5.4.1 TREATMENT OF THE THREE LARGEST ASSETS

Asset 1		
Name	Nuwerus: Upgrade Roads and Stormwater	
Description	Paved road1.0km, paved sidewalks and walkways 0.267km, 0.5km stormwater canal.	
Asset type	Road infrastructure	
Key staff involved	Manager: Infrastructure	
Staff responsibilities	Managing the project	
Asset value as at 30 June 2015	2016/17 (R'000)	2017/18 (R'000)
	0	6 020
Future purpose of asset	To provide road infrastructure in Nuwerus	
Asset 2		
Name	Vanrhynsdorp: Upgrade Roads and Stormwater in Maskamsig	
Description	Paved roads 0.94km, stormwater pipes with catchpits and manholes 0.937km	
Asset type	Road infrastructure	
Key staff involved	Manager: Infrastructure	
Staff responsibilities	Managing the project	
Asset value as at 30 June 2015	2016/17 (R'000)	2017/18 (R'000)
	0	6 611
Future purpose of asset	To provide road infrastructure in Vanrhynsdorp	
Asset 3		
Name	Bitterfontein : Refurbishment of Bitterfontein Scheme	
Description	New 1.0ML reservoir in Bitterfontein, 0.5ML reservoir in Nuwerus and refurbishment of RO plant in Bitterfontein.	
Asset type	Infrastructure - Water	
Key staff involved	Manager: Infrastructure	
Staff responsibilities	Managing the project	
Asset value as at 30 June 2015	2016/17 (R'000)	2017/18 (R'000)
	0	10 000
Future purpose of asset	To provide water infrastructure to Bitterfontein	

Table 8: *Treatment of the Three Largest Assets*

## 5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

## 5.5.1 LIQUIDITY RATIO

Description	Basis of calculation	2016/17	2017/18
Current Ratio	Current assets/current liabilities	1.02	0.97
Current Ratio Adjusted for Aged Debtors	Current assets less debtors > 90 days/current liabilities	0.88	0.94
Liquidity Ratio	Monetary Assets/Current Liabilities	0.15	0.58

Table 9: *Liquidity Financial Ratio*

### 5.5.2 IDP REGULATION FINANCIAL VIABILITY INDICATORS

Description	Basis of calculation	2016/17	2017/18
Cost Coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.16	1.14
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.42	0.39
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	53.73	38.53

Table 10: *Financial Viability National KPAs*

### 5.5.3 BORROWING MANAGEMENT

Description	Basis of calculation	2016/17	2017/18
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.03	0.02

Table 11: *Borrowing Management*

### 5.5.4 EMPLOYEE COSTS

Description	Basis of calculation	2016/17	2017/18
Employee costs	Employee costs/(Total Revenue - capital revenue)	37%	44%

Table 12: *Employee Costs*

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### 5.6 SOURCES OF FINANCE

The table below indicates the capital expenditure by funding source for the 2017/18 financial year:

Details	2016/17	2017/18				
	Actual	Original Budget (OB)	Adjusted Budget	Actual	Adjusted to OB Variance	Actual to OB Variance
	R' 000				%	
Source of finance						
External loans	0	0	0	0	0	0
Public contributions and donations	0	3 700	–	–	-100	0
Grants and subsidies	21 733	34 819	50 567	31 475	45	-38
Own funding	3 610	9 190	11 630	9 179	27	-21
Total	25 343	47 709	62 197	40 655	30	-35
Percentage of finance						
External loans	0	0	0	0	0	0
Public contributions and donations	0	8%	0	0	-100	0
Grants and subsidies	73	73%	81%	77%	11	-5
Own funding	14	19%	19%	23%	0	21
Capital expenditure						

Details	2016/17	2017/18				
	Actual	Original Budget (OB)	Adjusted Budget	Actual	Adjusted to OB Variance	Actual to OB Variance
	R' 000				%	
Water and sanitation	7 344	400	1 010	2 022	153	100
Electricity	3 627	3 150	2 340	1 950	-26	-17
Housing	0	0	0	0	0	0
Roads and stormwater	11 102	21 121	20 778	17 296	-2	-17
Other	3 271	23 038	38 069	19 387	65	-49
<b>Total</b>	<b>25 343</b>	<b>47 709</b>	<b>62 197</b>	<b>40 655</b>	<b>30</b>	<b>-35</b>
<b>Percentage of expenditure</b>						
Water and sanitation	29	1	2	5	94	206
Electricity	14	7	4	5	-43	27
Housing	0	0	0	0	0	0
Roads and stormwater	44	44	33	43	-25	27
Other	13	48	61	48	27	-22

Table 13: *Capital Expenditure by Funding Source*

## 5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Projects with the highest capital expenditure in 2017/18 were as follow:

Name of Project	Current Year: 2017/18			Variance Current Year: 2017/18	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance
	R'000			%	
Upgrading Lutzville WWTW	0	2 261	2 274	-100	1
Vredendal North: Upgrade Roads and Stormwater	5 328	5 328	5 328	0	0
Nuwerus: Upgrade Roads and Stormwater	5 500	6 020	6 020	9	0
Vanrhynsdorp: Upgrade Roads and Stormwater in Maskamsig	7 100	6 611	6 611	-7	0
Bitterfontein: Refurbishment of Bitterfontein Scheme	10 000	10 000	10 000	0	0

Table 14: *Capital Expenditure on the 5 Largest Projects*

<b>Name of Project - A</b>	Upgrading Lutzville WWTW
<b>Objective of Project</b>	Provide municipal basic services to meet demands of growing population and development challenges
<b>Delays</b>	None
<b>Future Challenges</b>	None
<b>Anticipated citizen benefits</b>	Good Quality Municipal Basic Services

Table 15: *Project A*

<b>Name of Project - B</b>	Vredendal North: Upgrade Roads and Stormwater
----------------------------	---

<b>Objective of Project</b>	Provide municipal basic services to meet demands of growing population and development challenges
<b>Delays</b>	None
<b>Future Challenges</b>	None
<b>Anticipated citizen benefits</b>	Good Quality Municipal Basic Services

Table 16: **Project B**

<b>Name of Project - C</b>	Nuwerus: Upgrade Roads and Stormwater
<b>Objective of Project</b>	Provide municipal basic services to meet demands of growing population and development challenges
<b>Delays</b>	None
<b>Future Challenges</b>	None
<b>Anticipated citizen benefits</b>	Good Quality Municipal Basic Services

Table 17: **Project C**

<b>Name of Project - D</b>	Vanrhynsdorp: Upgrade Roads and Stormwater in Maskamsig
<b>Objective of Project</b>	Provide municipal basic services to meet demands of growing population and development challenges
<b>Delays</b>	None
<b>Future Challenges</b>	None
<b>Anticipated citizen benefits</b>	Good Quality Municipal Basic Services

Table 176: **Project D**

<b>Name of Project - E</b>	Bitterfontein : Refurbishment of Bitterfontein Scheme
<b>Objective of Project</b>	Provide municipal basic services to meet demands of growing population and development challenges
<b>Delays</b>	None
<b>Future Challenges</b>	None
<b>Anticipated citizen benefits</b>	Good Quality Municipal Basic Services

Table 18: **Project E**

## 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

### 5.8.1 MUNICIPAL INFRASTRUCTURE GRANT (MIG)

This grant is intended to provide specific capital finance for basic municipal infrastructure.

Details	Budget	Adjustments Budget	Actual	Variance
				Original Budget
Infrastructure - Sanitation	0	0	0	0
Infrastructure - Roads	19 008	19 008	19 008	0
Recreation facilities	2 606	2 606	2 606	0
<b>Total</b>	<b>21 614</b>	<b>21 614</b>	<b>21 614</b>	<b>0</b>

Table 19: **Municipal Infrastructure Grant (MIG)**

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

## 5.9 CASH FLOW

R'000				
Description	2016/17	2017/18		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>Cash flow from operating activities</b>				
<b>Receipts</b>				
Ratepayers and other	206 713	205 959	203 324	198 785
Government - operating	55 427	57 074	58 817	58 427
Government - capital	23 946	34 819	57 256	58 066
Interest	4 862	4 340	4 444	5 332
Dividends	0	0	0	0
<b>Payments</b>				
Suppliers and employees	(264 649)	(254 514)	(248 637)	(233 134)
Finance charges	(3 156)	(3 616)	(2 820)	(2 649)
Transfers and Grants	(1 027)	(1 133)	(1 478)	(1 436)
<b>Net cash from/(used) operating activities</b>	<b>22 116</b>	<b>42 929</b>	<b>70 906</b>	<b>83 391</b>
<b>Cash flows from investing activities</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	553	7 674	10 774	1 204
Decrease (Increase) in non-current debtors	34	0	0	(42)
Decrease (increase) other non-current receivables	0	0	0	0
Decrease (increase) in non-current investments	0	0	0	0
<b>Payments</b>				
Capital assets	(25 250)	(47 709)	(62 197)	(40 662)
<b>Net cash from/(used) investing activities</b>	<b>(24 663)</b>	<b>(40 035)</b>	<b>(51 423)</b>	<b>(39 500)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts</b>				
Short term loans	0	0	0	0
Increase (decrease) in consumer deposits	340	263	362	280
<b>Payments</b>				
Repayment of borrowing	(4 188)	(5 201)	(4 275)	(1 835)
<b>Net cash from/(used) financing activities</b>	<b>(3 848)</b>	<b>(4 938)</b>	<b>(3 913)</b>	<b>(1 555)</b>
<b>Net increase/ (decrease) in cash held</b>	<b>(6 395)</b>	<b>(2 044)</b>	<b>15 570</b>	<b>42 337</b>
<b>Cash/cash equivalents at the year begin:</b>	<b>10 511</b>	<b>10 511</b>	<b>4 116</b>	<b>4 116</b>
<b>Cash/cash equivalents at the yearend:</b>	<b>4 116</b>	<b>8 467</b>	<b>19 686</b>	<b>46 453</b>

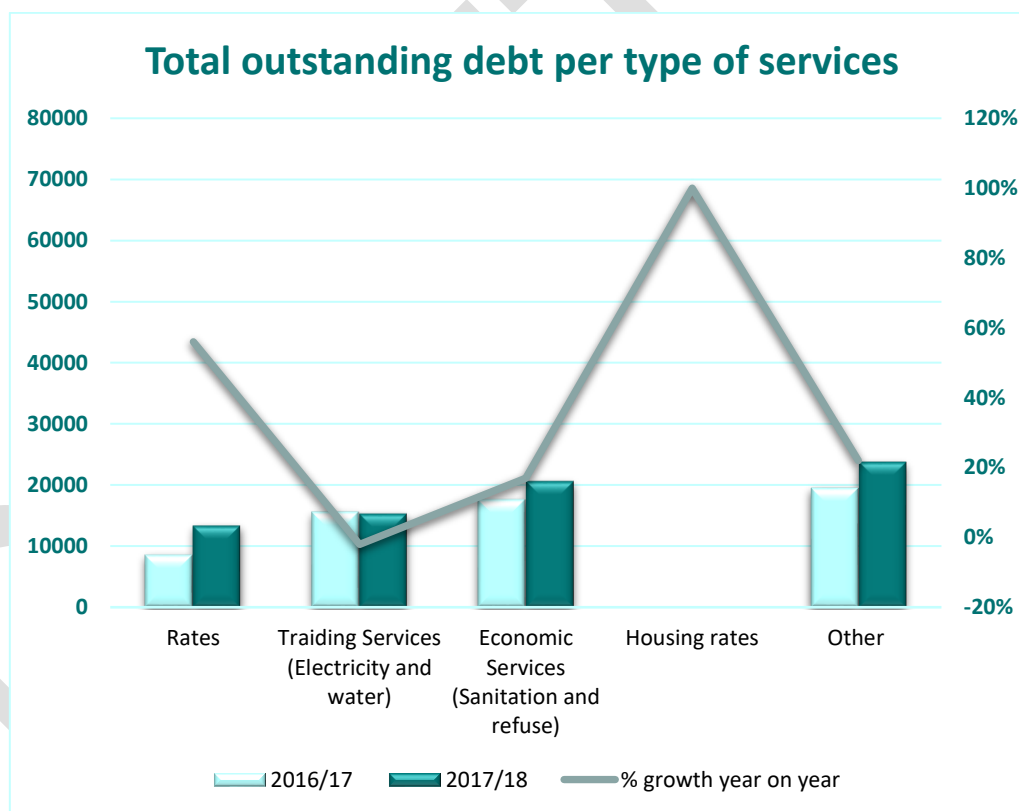
Table 20: *Cashflow*

## 5.10 GROSS OUTSTANDING DEBTORS PER SERVICE

Financial year	Rates	Trading services	Economic services	Housing Rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
	R'000					
2016/17	8 548	15 548	17 544	81	19 453	61 173
2017/18	13 302	15 237	20 546	0	23 688	72 772
Difference	4 754	-311	3 002	-81	4 235	11 599
% growth year on year	56%	-2%	17%	-100%	22%	19%
Note: Figures exclude provision for bad debt.						

Table 21: *Gross Outstanding Debtors per Service*

The following graph indicates the total outstanding debt per type of service for 2016/17

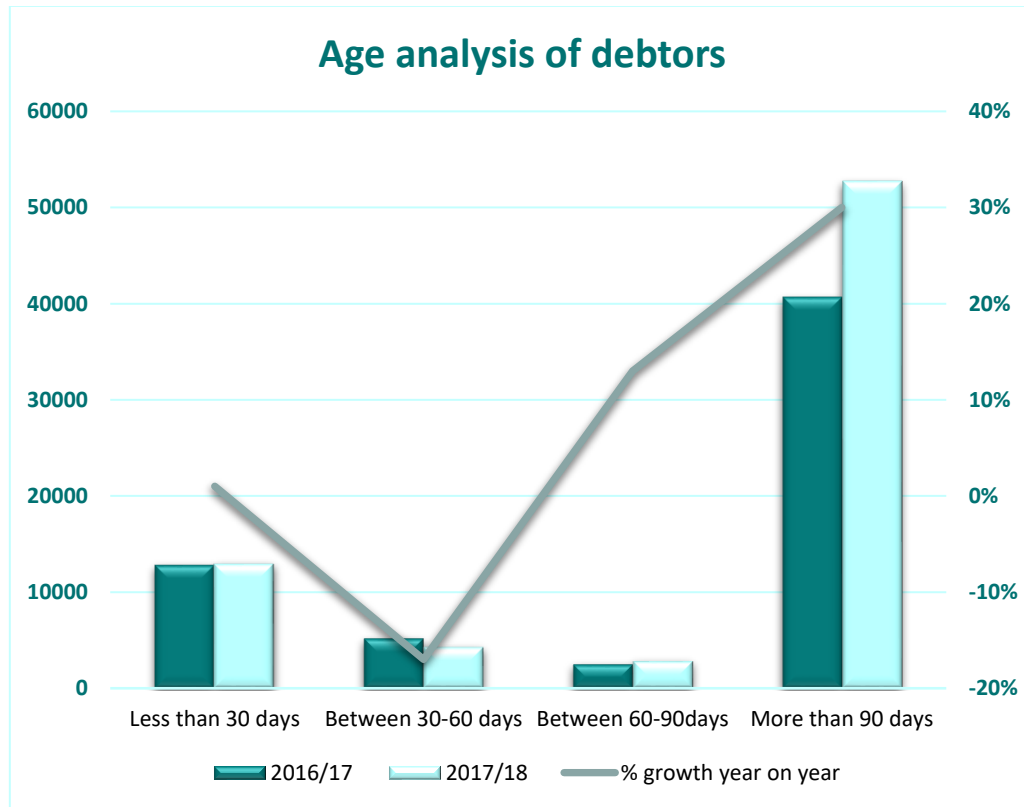
**Graph 9.: Outstanding Debtors per Service**

## 5.11 TOTAL DEBTORS AGE ANALYSIS

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000	R'000	R'000	R'000	R'000
2016/17	12 826	5 188	2 506	40 653	61 173
2017/18	12 962	4 297	2 825	52 689	72 772
Difference	136	-891	319	12 036	11 599

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000	R'000	R'000	R'000	R'000
% growth year on year	1%	-17%	13%	30%	19%

*Note: Figures exclude provision for bad debt.*

Table 22: **Service Debtor Age Analysis****Graph 10.: Total debtors age analysis**

## 5.12 BORROWING AND INVESTMENTS

### 5.12.1 BORROWINGS

R'000		
Instrument	2016/17	2017/18
Long-Term Loans (annuity/reducing balance)	25 938	24 029

Table 23: **Actual borrowings**

### 5.12.2 INVESTMENTS

R'000		
Instrument	2016/17	2017/18
Bank deposits	1 752	1 876

Table 24: **Investments**

### 5.12.2 GRANTS MADE BY THE MUNICIPALITY

Organisation/Description	Nature of project	Conditions attached to funding	Value 2017/18
			R'000
Contribution Tourism	Contribution to Tourism Council	Tourism activities	931

Organisation/Description	Nature of project	Conditions attached to funding	Value 2017/18
			R'000
Poverty Relief	Indigent Support	Indigent burials.etc	4
Poverty relief projects	Indigent Support	Indigent burials.etc	9
Sports Events	Sport Development	Sport Development	5
Sport development	Sport Development	Sport Development	2
Life Savers	Strandfontein Lifesavers	Strandfontein Lifesavers	240
Small Farmer Support	Small farmer contributions	Small farmer	28
Drought Relief	Drought relief contribution for boreholes	Boreholes drilling	217

Table 25: *Grants made by the Municipality***COMPONENT D: OTHER FINANCIAL MATTERS****5.13 SUPPLY CHAIN MANAGEMENT**

The municipality complies fully with the guidelines of the SCM Regulations of 2005. No Councillors are members of any committee handling supply chain management process

**CHAPTER 6****6.1 INTRODUCTION**

Our Constitution, Section 188 (1) (b) states that the functions of the Auditor-General include the auditing and reporting on the accounts, financial statements and financial management of all municipalities. The responsibility of the Auditor-General is to perform an audit to obtain reasonable assurance whether the annual financial statements reflect in all material aspects financial position and the state of financial affairs in the required formats and to express an opinion based on the audit conducted in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing.

The MSA Section 45 states that the results of performance measurement must be audited annually by the Auditor-General. The reported performance against predetermined objectives is evaluated against the overall criteria of usefulness and reliability. The usefulness of information relates to whether the reported performance is consistent with the planned development priorities or objectives and if indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

**COMPONENT A: AUDITOR-GENERAL OPINION 2016/17****6.2 AUDITOR GENERAL-REPORT 2016/17****6.2.1 FINANCIAL PERFORMANCE FOR 2016/17**

Auditor-General Report on Financial Performance 2016/17	
<b>Audit Report Status:</b>	Financially unqualified

*Table 177: Financial performance for 2016/17***6.2.2 SERVICE DELIVERY PERFORMANCE 2016/17**

The Auditor-General in its audit report did not find any material findings on the annual performance report concerning the usefulness and reliability of the information. The Auditor-General, furthermore, did not include any matters in the audit report that have an impact on the audit findings on predetermined objectives reported.

**COMPONENT B: AUDITOR-GENERAL OPINION 2017/18**

## 6.3 AUDITOR-GENERAL REPORT 2017/18

## 6.3.1 FINANCIAL PERFORMANCE FOR 2017/18

Auditor-General Report on Financial Performance 2017/18	
<b>Audit Report Status:</b>	Financially unqualified with no other matters (Clean Audit Opinion)

**Table 178: Financial performance for 2017/18**

## 6.3.2 SERVICE DELIVERY PERFORMANCE 2017/18

The Auditor-General in its audit report did not find any material findings on the annual performance report concerning the usefulness and reliability of the information. The Auditor-General, furthermore, did not include any matters in the audit report that have an impact on the audit findings on predetermined objectives reported.

**LIST OF ABBREVIATIONS**
**SDF**  
**WWTW**

Spatial Development Framework  
Waste Water Treatment Plant

<b>AG</b>	Auditor-General
<b>AFS</b>	Annual Financial Statements
<b>CAPEX</b>	Capital Expenditure
<b>CBP</b>	Community Based Planning
<b>CDW</b>	Community Development Worker
<b>CFO</b>	Chief Financial Officer
<b>CMTF</b>	Council Meets the People
<b>COGHSTA</b>	Department of Cooperative Governance, Human settlements and Traditional Affairs
<b>DPLG</b>	Department of Provincial and Local Government
<b>DWA</b>	Department of Water Affairs
<b>EE</b>	Employment Equity
<b>EPWP</b>	Extended Public Works Programme
<b>EXCO</b>	Executive Committee
<b>FBS</b>	Free Basic Services
<b>FMG</b>	Finance Management Grant
<b>GAMAP</b>	Generally Accepted Municipal Accounting Practice
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>HR</b>	Human Resources
<b>IDP</b>	Integrated Development Plan
<b>IFRS</b>	International Financial Reporting Standards
<b>IMFO</b>	Institute for Municipal Finance Officers
<b>KPA</b>	Key Performance Area
<b>KPI</b>	Key Performance Indicator
<b>LED</b>	Local Economic Development
<b>MAYCOM</b>	Executive Mayoral Committee
<b>MFMA</b>	Municipal Finance Management Act (Act No. 56 of 2003)
<b>MIG</b>	Municipal Infrastructure Grant
<b>MM</b>	Municipal Manager
<b>MMC</b>	Member of Mayoral Committee
<b>MSA</b>	Municipal Systems Act No. 32 of 2000
<b>MSIG</b>	Municipal Systems Improvement Grant
<b>MTECH</b>	Medium Term Expenditure Committee
<b>NCOP</b>	National Council of Provinces
<b>NERSA</b>	National Energy Regulator South Africa
<b>NGO</b>	Non-Governmental Organisation
<b>NT</b>	National Treasury
<b>OPEX</b>	Operating expenditure
<b>PMS</b>	Performance Management System
<b>PT</b>	Provincial Treasury
<b>SALGA</b>	South African Local Government Association
<b>SAMDI</b>	South African Management Development Institute
<b>SCM</b>	Supply Chain Management
<b>SDBIP</b>	Service Delivery and Budget Implementation Plan

# Annual Performance Report 2017/18

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# **Matzikama**

**MUNICIPALITY**



**AUDITED ANNUAL FINANCIAL STATEMENTS**

**30 JUNE 2018**

# MATZIKAMA MUNICIPALITY

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# MATZIKAMA MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### GENERAL INFORMATION

#### NATURE OF BUSINESS

Matzikama Municipality is a local municipality performing the functions as set out in the Constitution of the Republic of South Africa.

#### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998) and are classified as a medium capacity municipality.

#### JURISDICTION

The Matzikama Municipality includes the following areas:

Vredendal  
Vanrhynsdorp  
Klawer  
Koekenaap  
Lutzville  
Ebenhaezer  
Strandfontein  
Doringbaai  
Bitterfontein  
Nuwerus  
Stofkraal  
Molsvlei  
Rietpoort  
Kliprand

#### MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	G STEPHAN
Deputy Executive Mayor	A SINDYAMBA
Executive Councillor	RJ NUTT
Executive Councillor	WD LOFF
Executive Councillor	AFK JOB

#### MUNICIPAL MANAGER

DP LUBBE

#### CHIEF FINANCIAL OFFICER

GRJ SEAS

#### REGISTERED OFFICE

37 Church Street, Vredendal, 8160

#### AUDITORS

Auditor-General of South Africa, Private Bag X1, Chempet, 7442

#### PRINCIPLE BANKERS

ABSA Bank

#### ATTORNEYS

Swanepoel and Swanepoel Attorneys  
Koos Coetzee Attorneys  
TNK Attorneys  
Downing Engelbrecht

#### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALGBC

# MATZIKAMA MUNICIPALITY

## MEMBERS OF THE MATZIKAMA MUNICIPALITY

### COUNCILLORS

1	<i>M CAROSINI</i>
2	<i>AFK JOB</i>
3	<i>AW LINKS</i>
4	<i>WD LOFF</i>
5	<i>NS LOUW</i>
6	<i>RJ NUTT</i>
7	<i>A SINDYAMBA</i>
8	<i>MV CLOETE</i>
Proportional	<i>G STEPHAN</i>
Proportional	<i>WH NEL</i>
Proportional	<i>PG BOK</i>
Proportional	<i>NM NGOBO</i>
Proportional	<i>J DE JONGH</i>
Proportional	<i>XP TSHETU</i>
Proportional	<i>DD JENNER</i>

### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2018, which are set out on pages 9 to 61 in terms of Section 126 (1)(a) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2019 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and approved by council in concurrence with the MEC for Local Government in the province.

---

**DP LUBBE**  
Accounting Officer

---

**Date**

# MATZIKAMA MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	2018 R	Restated 2017 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>525 794 074</b>	<b>506 876 802</b>
Capital Replacement Reserve	2	4 545 000	4 392 000
Accumulated Surplus		521 249 074	502 484 802
<b>Non-Current Liabilities</b>		<b>113 917 152</b>	<b>110 135 339</b>
Long-term Borrowings	3	19 066 401	21 662 766
Non-current Provisions	4	62 314 975	57 801 084
Non-current Employee Benefits	5	32 535 776	30 671 489
<b>Current Liabilities</b>		<b>80 504 353</b>	<b>27 550 896</b>
Consumer Deposits	6	4 731 743	4 451 963
Current Employee Benefits	7	11 298 102	9 874 946
Trade and Other Payables from exchange transactions	8	36 812 078	7 362 883
Unspent Transfers and Subsidies	9	22 699 967	1 659 812
Current portion of Long-term Liabilities	3	4 962 463	4 201 292
<b>Total Net Assets and Liabilities</b>		<b>720 215 579</b>	<b>644 563 037</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>642 087 873</b>	<b>616 412 396</b>
Property, Plant and Equipment	11	574 029 957	548 430 015
Investment Property	12	67 326 800	67 691 582
Intangible Assets	13	610 882	212 200
Long-term Receivables	14	120 234	78 599
<b>Current Assets</b>		<b>78 127 706</b>	<b>28 150 641</b>
Inventory	15	694 818	490 540
Receivables from exchange transactions	16	19 098 490	14 369 646
Receivables from non-exchange transactions	17	9 839 172	7 591 295
Transfers and Subsidies receivable	9	-	810 154
Operating Lease Asset	18	87 563	81 591
VAT Receivable	10	1 714 580	437 979
Current Portion of Long-term Receivables	14	240 466	253 380
Cash and Cash Equivalents	19	46 452 617	4 116 056
<b>Total Assets</b>		<b>720 215 579</b>	<b>644 563 037</b>

# MATZIKAMA MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 R	Restated 2017 R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>139 646 317</b>	<b>141 387 449</b>
Property Rates	20	44 726 706	42 530 478
Government Grants and Subsidies	21	94 911 850	79 334 043
Contributed Property, Plant and Equipment	24	7 761	19 522 928
<b>Other Revenue</b>		<b>12 708 625</b>	<b>9 091 956</b>
Actuarial Gains	5	1 033 873	3 266 714
Fair Value Adjustments		353 218	-
Fines, Penalties and Forfeits		10 835 350	5 825 242
Gains on Sale Investment Property		486 184	-
<b>Revenue from Exchange Transactions</b>		<b>156 650 659</b>	<b>163 246 045</b>
Service Charges	22	140 281 091	147 352 224
Sales of Goods and Rendering of Services	23	2 731 805	3 506 765
Rental from Fixed Assets	25	3 718 402	3 620 846
Interest Earned - external investments	26	2 497 636	1 700 714
Interest Earned - outstanding receivables	27	2 834 827	3 161 708
Licences and Permits		1 301 928	1 163 619
Agency Services	28	3 284 970	2 740 169
<b>Total Revenue</b>		<b>309 005 601</b>	<b>313 725 450</b>
<b>EXPENDITURE</b>			
Employee related costs	29	112 842 560	102 148 374
Remuneration of Councillors	30	6 839 312	6 100 498
Contracted Services	31	7 747 928	5 399 956
Debt Impairment	32	17 675 241	15 598 994
Depreciation and Amortisation	33	13 870 075	13 635 758
Finance Costs	34	8 242 399	7 816 932
Bulk Purchases	35	87 611 998	90 355 253
Transfers and Subsidies	37	1 436 453	1 079 970
Inventory Consumed	15	8 529 196	7 565 004
Operational Costs	38	24 420 618	25 095 952
Actuarial Loss	5	78 940	-
Impairment loss on Property, Plant and Equipment		144 484	-
Loss on disposal of Property, Plant and Equipment		649 006	1 381 867
<b>Total Expenditure</b>		<b>290 088 210</b>	<b>276 178 558</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>18 917 391</b>	<b>37 546 892</b>

# MATZIKAMA MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2018

	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
<b>Balance at 30 June 2016 as previously stated</b>	3 375 000	464 621 778	467 996 778
Correction of error - note 40.4	-	1 333 132	1 333 132
<b>Restated Balance at 30 June 2016</b>	<b>3 375 000</b>	<b>465 954 910</b>	<b>469 329 910</b>
Net Surplus for the year	-	37 546 892	37 546 892
Transfer to/from CRR	4 392 000	(4 392 000)	-
Property, Plant and Equipment purchased	(3 375 000)	3 375 000	-
<b>Restated Balance at 30 June 2017</b>	<b>4 392 000</b>	<b>502 484 802</b>	<b>506 876 802</b>
Net Surplus for the year	-	18 917 391	18 917 391
Transfer to/from CRR	4 545 000	(4 545 000)	-
Property, Plant and Equipment purchased	(4 392 000)	4 392 000	-
<b>Balance at 30 June 2018</b>	<b>4 545 000</b>	<b>521 249 074</b>	<b>525 794 192</b>

# MATZIKAMA MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 R	Restated 2017 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other	41.1	315 396 031	285 657 856
Cash paid to suppliers and employees	41.2	(234 564 358)	(265 035 840)
<b>Cash generated by operations</b>		<b>80 831 673</b>	<b>20 622 016</b>
Interest received		5 208 654	4 744 681
Interest paid		(2 648 713)	(3 156 265)
<b>Net Cash from Operating Activities</b>	41.3	<b>83 391 614</b>	<b>22 210 432</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(40 212 633)	(25 343 370)
Proceeds on the sale of Investment Property		1 204 184	553 156
Purchase of intangible assets		(449 555)	-
Increase in Non-Current Debtors		(41 634)	33 552
<b>Net Cash from Investing Activities</b>		<b>(39 499 638)</b>	<b>(24 756 662)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of Borrowing		(1 835 195)	(4 188 477)
Increase in Consumer deposits		279 780	340 237
<b>Net Cash from Financing Activities</b>		<b>(1 555 415)</b>	<b>(3 848 240)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>42 336 561</b>	<b>(6 394 470)</b>
Cash and Cash Equivalents at the beginning of the year		4 116 056	10 510 526
<b>Cash and Cash Equivalents at the end of the year</b>	41.4	<b>46 452 617</b>	<b>4 116 056</b>

# MATZIKAMA MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by- law)	Final Budget	Actual Outcome 2018	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	R	%
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash	8 466 760	11 219 177	19 685 937	-	-	19 685 937	46 452 617	135.97%
Call Investment Deposits	-	-	-	-	-	-	-	0.00%
Consumer Debtors	29 253 773	(2 858 181)	26 395 592	-	-	26 395 592	23 274 383	-11.82%
Other Debtors	87 611	431 959	519 570	-	-	519 570	7 465 422	1336.85%
Current Portion of long-term receivables	-	253 380	253 380	-	-	253 380	240 466	-5.10%
Inventory	568 612	(46 678)	521 934	-	-	521 934	694 818	33.12%
<b>Total Current Assets</b>	<b>38 376 757</b>	<b>8 999 657</b>	<b>47 376 413</b>	<b>-</b>	<b>-</b>	<b>47 376 413</b>	<b>78 127 706</b>	<b>64.91%</b>
<b>Non-Current Assets</b>								
Long-term Receivables	-	78 599	78 599	-	-	78 599	120 234	52.97%
Investments	-	-	-	-	-	-	-	-
Investment Property	80 752 982	(13 061 400)	67 691 582	-	-	67 691 582	67 326 800	-0.54%
Investment in Associates	-	-	-	-	-	-	-	-
Property, Plant and Equipment	578 875 751	14 658 395	593 534 146	-	-	593 534 146	574 029 957	-3.29%
Agricultural Assets	-	-	-	-	-	-	-	-
Biological Assets	-	-	-	-	-	-	-	-
Intangible Assets	162 035	465 021	627 057	-	-	627 057	610 882	-2.58%
Other Non-Current Assets	-	-	-	-	-	-	-	-
<b>Total Non-Current Assets</b>	<b>659 790 768</b>	<b>2 140 616</b>	<b>661 931 384</b>	<b>-</b>	<b>-</b>	<b>661 931 384</b>	<b>642 087 873</b>	<b>-3.00%</b>
<b>TOTAL ASSETS</b>	<b>698 167 525</b>	<b>11 140 272</b>	<b>709 307 797</b>	<b>-</b>	<b>-</b>	<b>709 307 797</b>	<b>720 215 579</b>	<b>1.54%</b>
<b>LIABILITIES</b>								
<b>Current Liabilities</b>								
Bank Overdraft	-	-	-	-	-	-	-	-
Borrowing	5 200 678	(1 466 235)	3 734 444	-	-	3 734 444	4 962 463	32.88%
Consumer Deposits	4 374 877	77 087	4 451 963	-	-	4 451 963	4 731 743	6.28%
Trade and Other Payables	25 001 513	(4 537 139)	20 464 373	-	-	20 464 373	59 512 044	190.81%
Provisions	10 103 923	403 020	10 506 943	-	-	10 506 943	11 298 103	7.53%
<b>Total Current Liabilities</b>	<b>44 680 991</b>	<b>(5 523 268)</b>	<b>39 157 723</b>	<b>-</b>	<b>-</b>	<b>39 157 723</b>	<b>80 504 353</b>	<b>105.59%</b>
<b>Non-Current Liabilities</b>								
Borrowing	29 568 195	(11 639 873)	17 928 322	-	-	17 928 322	19 066 401	6.35%
Provisions	100 758 216	(6 367 527)	94 390 689	-	-	94 390 689	94 850 751	0.49%
<b>Total Non-Current Liabilities</b>	<b>130 326 410</b>	<b>(18 007 400)</b>	<b>112 319 011</b>	<b>-</b>	<b>-</b>	<b>112 319 011</b>	<b>113 917 152</b>	<b>1.42%</b>
<b>TOTAL LIABILITIES</b>	<b>175 007 401</b>	<b>(23 530 667)</b>	<b>151 476 734</b>	<b>-</b>	<b>-</b>	<b>151 476 734</b>	<b>194 421 505</b>	<b>28.35%</b>
<b>NET ASSETS</b>								
Accumulated Surplus/(Deficit)	517 479 247	31 721 878	549 201 125	-	-	549 201 125	521 249 074	-5.09%
Reserves	5 680 876	2 949 061	8 629 938	-	-	8 629 938	4 545 000	-47.33%
<b>TOTAL NET ASSETS</b>	<b>523 160 123</b>	<b>34 670 940</b>	<b>557 831 063</b>	<b>-</b>	<b>-</b>	<b>557 831 063</b>	<b>525 794 074</b>	<b>-5.74%</b>

EXPLANATORY NOTES ON ALL MATERIAL VARIANCES LARGER THAN 10% PRESENTED IN NOTE 56

# MATZIKAMA MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by- law)	Final Budget	Actual Outcome 2018	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	R	%
<b>REVENUE</b>								
Property Rates	46 631 956	650 673	47 282 628	-	-	47 282 628	44 726 706	-5.41%
Service Charges - Electricity Revenue	110 458 836	74 000	110 532 836	-	-	110 532 836	100 072 268	-9.46%
Service Charges - Water Revenue	18 497 737	(1 960 000)	16 537 737	-	-	16 537 737	11 015 989	-33.39%
Service Charges - Sanitation Revenue	15 267 971	(150 000)	15 117 971	-	-	15 117 971	14 251 530	-5.73%
Service Charges - Refuse Revenue	15 589 655	(150 000)	15 439 655	-	-	15 439 655	14 941 304	-3.23%
Service Charges - Other Revenue	-	-	-	-	-	-	0	0.00%
Rental of Facilities and Equipment	4 065 578	(2 633 425)	1 432 153	-	-	1 432 153	1 596 652	11.49%
Interest Earned - External Investments	1 550 000	-	1 550 000	-	-	1 550 000	2 497 636	61.14%
Interest Earned - Outstanding Debtors	3 100 000	(650 673)	2 449 327	-	-	2 449 327	2 834 827	15.74%
Dividends Received	-	-	-	-	-	-	-	-
Fines	2 463 009	-	2 463 009	-	-	2 463 009	10 835 350	339.92%
Licences and Permits	1 070 700	(900)	1 069 800	-	-	1 069 800	1 301 928	21.70%
Agency Services	3 070 996	-	3 070 996	-	-	3 070 996	3 284 970	6.97%
Transfers and subsidies	57 074 000	3 281 971	60 355 971	-	-	60 355 971	59 053 464	-2.16%
Other Revenue	4 827 344	6 294 325	11 121 669	-	-	11 121 669	6 240 646	-43.89%
Gains on Disposal of PPE	7 673 586	3 100 000	10 773 586	-	-	10 773 586	486 184	-95.49%
<b>capital transfers and</b>	<b>291 341 367</b>	<b>7 855 971</b>	<b>299 197 338</b>	<b>-</b>	<b>-</b>	<b>299 197 338</b>	<b>273 139 454</b>	<b>-8.71%</b>
<b>EXPENDITURE</b>								
Employee Related Costs	112 748 795	(716 349)	112 032 446			112 032 446	111 255 408	-0.69%
Remuneration of Councillors	6 605 370	133 717	6 739 087			6 739 087	6 839 312	1.49%
Debt Impairment	10 700 000	4 900 000	15 600 000			15 600 000	17 675 241	13.30%
Depreciation and Asset Impairment	14 822 120	690 000	15 512 120			15 512 120	13 953 380	-10.05%
Finance Charges	10 158 620	111 134	10 269 754			10 269 754	8 242 399	-19.74%
Bulk Purchases	90 281 405	(1 320 000)	88 961 405			88 961 405	87 611 998	-1.52%
Other Materials	-	9 172 349	9 172 349			9 172 349	8 529 196	0.00%
Contracted Services	63 721	10 482 534	10 546 256			10 546 256	7 747 928	-26.53%
Transfers and subsidies	1 132 110	386 880	1 518 990			1 518 990	1 427 790	-6.00%
Other Expenditure	44 816 798	(16 009 524)	28 807 274			28 807 274	26 156 551	-9.20%
Loss on Disposal of PPE	-	-	-			-	649 006	0.00%
<b>Total Expenditure</b>	<b>291 328 939</b>	<b>7 830 742</b>	<b>299 159 681</b>	<b>-</b>	<b>-</b>	<b>299 159 681</b>	<b>290 088 209</b>	<b>-3.03%</b>
<b>Surplus/(Deficit)</b>	<b>12 428</b>	<b>25 229</b>	<b>37 657</b>	<b>-</b>	<b>-</b>	<b>37 657</b>	<b>(16 948 755)</b>	<b>-45107.77%</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	34 819 000	15 748 138	50 567 138			50 567 138	35 858 386	-29.09%
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	3 700 000	(3 700 000)	-	-	-	-	-	0.00%
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	7 761	0.00%
<b>Transfers &amp; Contributions</b>	<b>38 531 428</b>	<b>12 073 367</b>	<b>50 604 795</b>	<b>-</b>	<b>-</b>	<b>50 604 795</b>	<b>18 917 392</b>	<b>-62.62%</b>
Taxation	-	-	-	-	-	-	-	0.00%
<b>Surplus/(Deficit) after Taxation</b>	<b>38 531 428</b>	<b>12 073 367</b>	<b>50 604 795</b>	<b>-</b>	<b>-</b>	<b>50 604 795</b>	<b>18 917 392</b>	<b>-62.62%</b>
Attributable to Minorities	-	-	-	-	-	-	-	0.00%
<b>Surplus/(Deficit) Attributable to Municipality</b>	<b>38 531 428</b>	<b>12 073 367</b>	<b>50 604 795</b>	<b>-</b>	<b>-</b>	<b>50 604 795</b>	<b>18 917 392</b>	<b>-62.62%</b>
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	0.00%
<b>Surplus/(Deficit) for the year</b>	<b>38 531 428</b>	<b>12 073 367</b>	<b>50 604 795</b>	<b>-</b>	<b>-</b>	<b>50 604 795</b>	<b>18 917 392</b>	<b>-62.62%</b>

EXPLANATORY NOTES ON ALL MATERIAL VARIANCES LARGER THAN 10% PRESENTED IN NOTE 56

# MATZIKAMA MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by- law)	Final Budget	Actual Outcome 2018	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	R	%
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Taxation	42 435 080	1 093 650	43 528 730			43 528 730	43 251 197	-0.64%
Service Charges	144 326 333	1 812 152	146 138 485			146 138 485	137 648 862	-5.81%
Other Revenue	19 197 626	(5 540 000)	13 657 626			13 657 626	18 003 087	31.82%
Government - Operating	57 074 000	1 742 885	58 816 885			58 816 885	58 426 885	-0.66%
Government - Capital	34 819 000	22 436 846	57 255 846			57 255 846	58 066 000	1.41%
Interest	4 340 000	103 704	4 443 704			4 443 704	5 208 654	17.21%
Dividends	-	-	-			-	-	-
<b>Payments</b>								
Suppliers and Employees	(254 514 367)	5 877 547	(248 636 820)			(248 636 820)	(233 127 905)	-6.24%
Finance costs	(3 616 457)	796 578	(2 819 879)			(2 819 879)	(2 648 713)	-6.07%
Transfers and Grants	(1 132 110)	(346 240)	(1 478 350)			(1 478 350)	(1 436 453)	-2.83%
<b>Net Cash from/(used) Operating Activities</b>	<b>42 929 105</b>	<b>27 977 122</b>	<b>70 906 227</b>	<b>-</b>	<b>-</b>	<b>70 906 227</b>	<b>83 391 614</b>	<b>17.61%</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	7 673 586	3 100 000	10 773 586			10 773 586	1 204 184	-88.82%
Decrease/(Increase) in Non-Current Debtors	-	-	-			-	(41 634)	100.00%
Decrease/(Increase) in Other Non-Current Receivables	-	-	-			-	-	-
Decrease/(Increase) in Non-Current Investments	-	-	-			-	-	0.00%
<b>Payments</b>								
Capital Assets	(47 708 928)	(14 488 148)	(62 197 076)			(62 197 076)	(40 662 188)	-34.62%
<b>Net Cash from/(used) Investing Activities</b>	<b>(40 035 342)</b>	<b>(11 388 148)</b>	<b>(51 423 490)</b>	<b>-</b>	<b>-</b>	<b>(51 423 490)</b>	<b>(39 499 638)</b>	<b>-23.19%</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short Term Loans	-	-	-			-	-	0.00%
Borrowing long term/refinancing	-	-	-			-	-	0.00%
Increase/(Decrease) in Consumer Deposits	263 150	98 862	362 013			362 013	279 780	-22.72%
<b>Payments</b>								
Repayment of Borrowing	(5 200 678)	925 810	(4 274 868)			(4 274 868)	(1 835 195)	-57.07%
<b>Net Cash from/(used) Financing Activities</b>	<b>(4 937 528)</b>	<b>1 024 672</b>	<b>(3 912 856)</b>	<b>-</b>	<b>-</b>	<b>(3 912 856)</b>	<b>(1 555 415)</b>	<b>-60.25%</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(2 043 765)</b>	<b>17 613 646</b>	<b>15 569 881</b>	<b>-</b>	<b>-</b>	<b>15 569 881</b>	<b>42 336 561</b>	<b>171.91%</b>
Cash and Cash Equivalents at the year begin:	10 510 525	(6 394 469)	4 116 056			4 116 056	4 116 056	0.00%
Cash and Cash Equivalents at the year end:	8 466 760	11 219 177	19 685 937	-	-	19 685 937	46 452 617	135.97%

**EXPLANATORY NOTES ON ALL MATERIAL VARIANCES LARGER THAN 10% PRESENTED IN NOTE 56**

**ACCOUNTING POLICY NOTES TO THE FINANCIAL STATEMENTS**

**1 ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS**

**1.1 BASIS OF PREPARATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies which have been consistently applied are disclosed below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

**1.2 PRESENTATION CURRENCY**

Amounts reflected in the financial statements are presented in South African Rand and at actual values. Financial values are rounded to the nearest one Rand, which is the functional currency of the municipality.

**1.3 GOING CONCERN ASSUMPTION**

These financial statements have been prepared on the going concern basis.

**1.4 COMPARATIVE INFORMATION**

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatement of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as practicable and the prior year comparative figures are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as practicable and the prior year comparatives are restated accordingly. The principal amendments to matters disclosed in the current financial statements include errors.

**1.5 AMENDED DISCLOSURE POLICY**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

**1.6 MATERIALITY**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision of assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total expenditure. The materiality is from management's perspective and does not necessarily correlate with the auditor's materiality. For the purposes of explaining variances on the face of the financial statements the figure of 10% is utilised by management and deemed appropriate.

**1.7 PRESENTATION OF BUDGET INFORMATION**

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following

- the approved and final budget amounts for the 2017/18 financial year
- the actual amounts and final budget amounts for the 2017/18 financial year

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements. Variances larger than 10% are seen as material, and explanations provided.

Explanations for differences between the final budget amounts and the actual amounts are included in the Notes to the Financial Statements. Variances larger than 10% are seen as material, and explanations provided.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

**1.8 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

**IGRAP 17 Service Concession Arrangements where a grantor controls a significant residual interest in an Asset (Effective 1 April 2020)**

The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment

**GRAP 18 (as amended 2016): Segment Reporting**

Amendments to the Standard of GRAP on Segment Reporting resulted from editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.

The most significant changes to the Standard are: General improvements: An appendix with illustrative segment disclosures has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance. The effective date of the amendment is for years beginning on or after 01 April 2019.

The adoption of this amendment is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

**ACCOUNTING POLICY NOTES TO THE FINANCIAL STATEMENTS (Continue)**

**GRAP 20 Related Party Disclosure (Original-June 2011 - Effective Date 1 April 2019)**

The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

The Municipality has resolved to use the disclosure requirements of GRAP 20 to formulate its own accounting policy for related party transactions. The information is therefore included in the financial statements.

**GRAP 32 Service Concession Arrangements: Grantor (Original-August 2013 - Effective Date 1 April 2019)**

The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity. No such transactions or events are expected in the foreseeable future.

**GRAP 34 Separate Financial Statements (Effective date still to be announced by the Minister)**

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

**GRAP 108 Statutory Receivables (Original-September 2013 - Effective Date 1 April 2019)**

The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. The Municipality resolved to adopt the principles as set out in GRAP 28 to formulate its own accounting policy.

**GRAP 109 Accounting by Principals and Agents (Effective Date 1 April 2019)**

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.

**GRAP 110 Living and Non-Living Resources (Effective Date 1 April 2020)**

The objective of this Standard is prescribing the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources.

No significant impact expected as no such transactions or events are expected in the foreseeable future

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

**1.9 RESERVES**

**1.9.1 Capital Replacement Reserve (CRR)**

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/ to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized. The transfer represents the amount budgeted for capital expenditure that will be funded by own income.

**1.10 LEASES**

**1.10.1 Municipality as Lessor**

Operating leases are those leases that do not fall within the scope of a finance lease. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset or a liability depending on the actual payments made.. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

**1.11 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable. Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this liability:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash is invested as an individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it payable to the funder it is recorded as part of creditors. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

# MATZIKAMA MUNICIPALITY

## ACCOUNTING POLICY NOTES TO THE FINANCIAL STATEMENTS (Continue)

### 1.12 UNPAID CONDITIONAL GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public. Unpaid conditional grants are recognised as an asset when the grant is receivable.

### 1.13 PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation (net of recoveries) under an onerous contract shall be recognised and measured as a provision.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

### 1.14 EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

#### 1.14.1 Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – "Employee Benefits" (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

#### 1.14.2 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation. Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries. The projected credit unit method is used to value the liability.

#### 1.14.3 Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee. Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

#### 1.14.4 Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

#### 1.14.5 Pension and Retirement Fund Obligations

The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

# MATZIKAMA MUNICIPALITY

## ACCOUNTING POLICY NOTES TO THE FINANCIAL STATEMENTS (Continue)

### 1.14.6 Other Short-Term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset

### 1.15 BORROWING COSTS

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

### 1.16 PROPERTY, PLANT AND EQUIPMENT

#### 1.16.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

#### 1.16.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land (excluding Landfill sites) is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

#### 1.16.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives and residual values are assessed at each reporting date whether there is any indication that the Municipality's expectations about the residual value and useful life of an asset have changed since the preceding reporting date. If any such indication exists, the Municipality shall revise the expected useful life and/or residual value accordingly on the prospective basis. The annual depreciation rates are based on the following estimated average asset lives:

	Years		Years
<b>Infrastructure</b>		<b>Other</b>	
Storm water, Roads and Paving	15-100	Vehicles	6-24
Electricity	5-80	Furniture and Office Equipment	6-22
Water	15-100	Plant and Equipment	6-34
Sewerage	10-100	Computer Equipment	5-17
Solid Waste Disposal	10-100		
Landfill Sites	13-38	<b>Land and Buildings</b>	
<b>Community</b>		Land	Infinite
Buildings	10-100	Buildings	10-100
Recreational Facilities	15-100		
Libraries	15-100		
Taxi Ranks and Parking Areas	15-100		
Parks and gardens	49-100		
Cemeteries	10 - 100		

# MATZIKAMA MUNICIPALITY

## ACCOUNTING POLICY NOTES TO THE FINANCIAL STATEMENTS (Continue)

### 1.16.4 Derecognition

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## 1.17 INTANGIBLE ASSETS

### 1.17.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance. An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licenced, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights or obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

### 1.17.2 Subsequent Measurement - Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

### 1.17.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on the prospective basis. The annual amortisation rates are based on the following estimated average asset lives:

Intangible Assets	Years
Computer Software	15
Rights (Servitudes)	Indefinite

### 1.17.4 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### 1.17.5 Application of Deemed Cost

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For intangible assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

## 1.18 INVESTMENT PROPERTY

### 1.18.1 Initial Recognition

Investment property is recognised as an asset when, and only when it is probable that future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality account for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

### 1.18.2 Subsequent Measurement - Fair Value Model

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

### 1.18.3 Derecognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**ACCOUNTING POLICY NOTES TO THE FINANCIAL STATEMENTS (Continue)**

**1.18.4 Application of Deemed Cost**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

**1.19 IMPAIRMENT OF NON-FINANCIAL ASSETS**

**1.19.1 Cash Generating Assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset. The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount. In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

Internal sources of information

Evidence is available of obsolescence or physical damage of an asset.

Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.

Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The redesignation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash generating assets to a cash generating asset shall only occur when there is clear evidence that such redesignation is appropriate. A redesignation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal for an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the nature of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

**1.19.2 Non-Cash Generating Assets**

Non-cash generating assets are assets other than cash-generating assets. The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or with annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount. In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

External sources of information

Cessation, or near cessation, of the demand or need for services provided by the asset.

Significant long term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

Internal sources of information

Evidence is available of physical damage of an asset

Significant long term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the extent to which, an asset is used or expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.

A decision to halt the construction of the asset before it is complete.

Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

# MATZIKAMA MUNICIPALITY

## ACCOUNTING POLICY NOTES TO THE FINANCIAL STATEMENTS (Continue)

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss and is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

### *Depreciation replacement cost approach*

The present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

### *Restoration cost approach*

The cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

### *Service unit approach*

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

## 1.20 INVENTORIES

### 1.20.1 Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

### 1.20.2 Subsequent Measurement

Inventories, consisting of consumable stores, water at purification cost and graves are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the first-in-first-out method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

## 1.21 FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include non-statutory receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions).

**ACCOUNTING POLICY NOTES TO THE FINANCIAL STATEMENTS (Continue)**

**1.21.1 Initial Recognition**

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

**1.21.2 Subsequent Measurement**

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance.

Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

**1.21.3 De-recognition of Financial Instruments**

Financial Assets

The municipality derecognises financial assets using trade date accounting. The municipality derecognises a financial asset only when:

- \*the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- \*the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- \*the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality: derecognise the asset; and recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair value at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial Liabilities

The Municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

# MATZIKAMA MUNICIPALITY

## ACCOUNTING POLICY NOTES TO THE FINANCIAL STATEMENTS (Continue)

### 1.21.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 1.22 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions. Examples of Statutory receivables would be rates and fines.

#### 1.22.1 Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

#### 1.22.2 Measurement

The Municipality initially measures the statutory receivables at their transaction amount.

The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

#### 1.22.3 Derecognition

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or valid or are waived;
- (b) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case the Municipality (i) derecognise the receivable; and (ii) recognise separately any rights and obligations created or retained in the transfer.

### 1.23 REVENUE

#### 1.23.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against related revenue as there is no intention of collecting this revenue.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality.

Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof is virtually certain. Revenue is measured at the fair value of the consideration received or receivable.

**ACCOUNTING POLICY NOTES TO THE FINANCIAL STATEMENTS (Continue)**

When, as a result of a non-exchange transaction, a municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

**1.23.2 Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced.

Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. An adjustment is made at year-end for unused units. The pre-paid electricity sold, but not consumed yet at year-end is disclosed under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- the prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- a rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

**ACCOUNTING POLICY NOTES TO THE FINANCIAL STATEMENTS (Continue)**

**1.24 RELATED PARTIES**

The Municipality used the disclosure requirements as per GRAP 20 - Related Party Disclosures to develop the accounting policy

A related party is a person or entity

- with the ability to control or jointly control the other party
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the municipality

(a) A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the municipality
- has significant influence over the municipality. Significant influence is the power to participate in the financial and operational decisions
- is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same economic activity (each controlling entity, controlled entity and fellow controlled entity is related)
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity)
- both entities are joint ventures of the same third party
- one entity is joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of either Municipality or an entity related to the municipality.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity or its controlling entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the Council of the municipality;
- (b) a member of the Council of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the municipality
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the municipality; and
- (d) the senior management team of the Municipality, including the municipal manager of the municipality

Management personnel include:

- (a) all directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the mayoral committee.
- (b) other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the municipal manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

**1.25 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure means, overspending of a vote or a main division within a vote; and expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

**1.26 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.27 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**ACCOUNTING POLICY NOTES TO THE FINANCIAL STATEMENTS (Continue)**

**1.28 CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability. The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote.

A contingent asset is disclosed where the inflow of economic benefits or service potential is probable. Management judgement is required when recognising and measuring contingent liabilities.

**1.29 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

**1.29.1 Post-retirement Medical Obligations and Long Service Awards**

The cost of post retirement medical obligations, long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 5 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

**1.29.2 Impairment of Receivables**

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

**1.29.3 Property, Plant and Equipment**

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding the useful lives and residual values of property, plant and equipment.

- the useful life of movable assets was determined using the age of similar assets available for sale in active markets. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government industry guides were used to assist with deemed cost and useful lives for infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful lives of buildings. The Municipality also consulted with engineers to support the useful lives of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets. The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature currently in other municipalities' asset registers, provided that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

**1.29.4 Intangible Assets**

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. Management referred to the following when making assumptions regarding useful lives of intangible assets:

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful lives.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

**1.29.5 Investment Property**

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful lives of buildings.
- The Municipality also consulted with engineers and valuers to support the useful lives of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

**ACCOUNTING POLICY NOTES TO THE FINANCIAL STATEMENTS (Continue)**

**1.29.6 Provisions and Contingent Liabilities**

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

**1.29.7 Provision for Landfill Sites**

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

**1.29.8 Provision for Staff Leave**

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

**1.28.9 Revenue Recognition**

Accounting Policy 1.22.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.22.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

**1.29.10 Prepaid Electricity Estimation**

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using 5 days' worth of unused electricity.

**1.30 TAXES - VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

**1.31 CAPITAL COMMITMENTS**

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

**1.32 EVENTS AFTER REPORTING DATE**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	Restated 2017
<b>2 NET ASSET RESERVES</b>		
Capital Replacement Reserve	4 545 000	4 392 000
Total Net Asset Reserves	<u>4 545 000</u>	<u>4 392 000</u>

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/ to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilised. The transfer represents the amount budgeted for capital expenditure that will be funded out of own income.

<b>3 LONG-TERM BORROWINGS</b>		
Annuity loans at amortised cost	24 028 864	25 864 058
Current Portion transferred to Current Liabilities	(4 962 463)	(4 201 292)
Total Long-Term Liabilities at amortised cost using the effective interest rate method	<u>19 066 401</u>	<u>21 662 766</u>

### 3.1 The obligations under the annuity loans are scheduled as follows:

Payable within one year	6 486 503	7 021 171
Payable within two to five years	16 496 403	17 544 195
Payable after five years	<u>11 701 045</u>	<u>16 462 774</u>
	34 683 951	41 028 140
Less: Future finance obligations	(10 655 087)	(15 164 082)
Present value of annuity obligations	<u>24 028 864</u>	<u>25 864 058</u>

Annuity loans at amortised cost is calculated at an interest rate of 5.7% and 11.14%, with the first maturity date of 30 June 2019 and a last maturity date of 30 June 2028.

<b>4 NON-CURRENT PROVISIONS</b>		
Provision for Rehabilitation of Landfill Sites	62 314 975	57 801 084
Total Non-Current Provisions	<u>62 314 975</u>	<u>57 801 084</u>

<b>4.1 Landfill Sites</b>		
Balance 1 July 2017	57 801 084	55 951 966
Change in provision for rehabilitation cost	1 874 593	93 736
Interest cost	<u>2 639 298</u>	<u>1 755 382</u>
<b>Total provision 30 June 2018</b>	62 314 975	57 801 084
Less: Transfer of Current portion to Current Provisions	-	-
<b>Balance 30 June 2018</b>	<u>62 314 975</u>	<u>57 801 084</u>

The actual costs are determined by calculating the volumes of excavations, materials required and legal requirements according to the footprint of each individual site. For a new estimate the rates used for each item of work is based on current rates for similar activities. If a previous estimate was done for a specific site then the previous year's figures are escalated using the Consumer Price Index. The individual rates are then again cross-checked to determine if they are still in line with current rates for similar activities and adjusted accordingly.

The estimated rehabilitation cost for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Klawer	Vanrhynsdorp	Vredendal	Lutzville	Strandfontein	Doringbaai
Rehabilitation Area(m2)	11 594	25 641	50 387	37 327	7 716	10 673
Preliminary and General	416 432	1 225 217	933 146	767 610	220 143	266 382
Site Clearance ( R )	34 202	75 641	148 642	110 115	22 762	31 485
Storm Water Control ( R )	1 073 914	1 449 043	1 994 056	2 106 656	811 568	808 790
Capping ( R )	814 618	6 902 707	3 540 291	2 622 670	542 142	749 906
Leachate Management	234 846	314 791	438 950	634 122	186 612	303 179
Fencing	816 937	9 367	543 389	9 367	9 367	9 367
Other ( R )	429 399	872 637	520 832	501 581	497 480	408 879
Contingencies ( R )	339 095	997 677	759 847	625 054	179 259	216 911
Engineering ( R )	279 753	823 083	626 874	515 669	147 889	178 951
Site Supervision ( R )	339 976	899 268	597 701	561 377	392 533	396 496
<b>Total (Excl VAT)</b>	<u>4 779 172</u>	<u>13 569 431</u>	<u>10 103 728</u>	<u>8 454 221</u>	<u>3 009 755</u>	<u>3 370 346</u>
Rehab cost/m2	412	529	201	226	390	316
Estimated construction period(weeks)	12	16	20	18	12	12



# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Bitterfontein	Kliprand	Rietpoort	Nuwerus	Ebenhaeser	Koekenaap
Rehabilitation Area(m2)	4 658	1 818	796	3 276	3 918	5 044
Preliminary and General	294 175	154 338	102 543	135 612	228 275	451 745
Site Clearance ( R )	13 741	5 363	2 348	9 664	11 558	14 880
Storm Water Control ( R )	654 009	501 559	304 718	582 412	729 069	930 615
Capping ( R )	1 266 104	475 437	55 929	230 178	275 287	1 365 367
Leachate Management	158 028	110 687	84 783	137 037	143 737	214 302
Fencing	9 367	9 367	284 672	9 367	470 882	701 585
Other ( R )	464 919	530 102	409 108	508 029	419 313	420 863
Contingencies ( R )	239 542	125 675	83 499	110 427	185 881	367 849
Engineering ( R )	197 622	103 682	68 887	91 102	153 352	303 476
Site Supervision ( R )	736 973	671 927	362 370	297 489	469 730	577 765
<b>Total (Excl VAT)</b>	<b>4 034 480</b>	<b>2 688 137</b>	<b>1 758 857</b>	<b>2 111 317</b>	<b>3 087 084</b>	<b>5 348 447</b>
Rehab cost/m2	866	1 433	2 210	644	788	1 060
Estimated construction period(weeks)	12	8	9	8	8	10

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

Location	Date	2018 R	2017 R
Klawer	30/03/2024	4 779 174	4 341 055
Vanrhynsdorp	30/06/2024	13 569 430	13 008 863
Vredendal	31/03/2024	10 103 729	9 891 324
Lutzville	21/04/2024	8 454 219	6 682 683
Strandfontein	26/05/2024	3 009 755	2 984 634
Doringbaai	31/03/2024	3 370 346	3 217 621
Bitterfontein	27/05/2024	4 034 480	3 789 173
Kliprand	27/08/2024	2 688 137	2 565 181
Rietpoort	21/04/2024	1 758 857	1 645 782
Nuwerus	19/06/2024	2 111 317	2 039 769
Ebenhaeser	19/05/2024	3 087 083	2 789 394
Koekenaap	07/11/2024	5 348 448	4 845 607
		<b>62 314 975</b>	<b>57 801 087</b>

## 5 NON-CURRENT EMPLOYEE BENEFITS

Post Retirement Benefits - note 5.1	27 143 107	25 873 624
Long Service Awards - note 5.2	5 392 669	4 797 865
<b>Total Non-current Employee Benefit Liabilities</b>	<b>32 535 776</b>	<b>30 671 489</b>

### Post Retirement Benefits

Balance 1 July	27 087 934	26 716 017
Current Service Cost	1 174 412	1 394 757
Interest Cost	2 520 238	2 439 510
Contributions (Benefits paid)	(1 212 083)	(1 085 504)
Actuarial Gain	(1 033 873)	(2 376 846)
<b>Total post retirement benefits 30 June</b>	<b>28 536 628</b>	<b>27 087 934</b>

Less: Transfer of Current Provision - note 7	(1 393 521)	(1 214 310)
<b>Balance 30 June</b>	<b>27 143 107</b>	<b>25 873 624</b>

### Long Service Awards

Balance 1 July	5 217 409	5 446 453
Current Service Cost	479 975	520 654
Interest Cost	434 150	465 775
Benefits Vesting	(378 525)	(325 605)
Actuarial Loss / (Gain)	78 940	(889 868)
<b>Total long service awards 30 June</b>	<b>5 831 949</b>	<b>5 217 409</b>

Less: Transfer of Current Provision - note 7	(439 280)	(419 544)
<b>Balance 30 June</b>	<b>5 392 669</b>	<b>4 797 865</b>

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
Balance 1 July	32 305 343	32 162 470
Current Service Cost	1 654 387	1 915 411
Interest Cost	2 954 388	2 905 285
Contributions (Benefits paid/ Vesting)	(1 590 608)	(1 411 109)
Actuarial Loss / (Gain)	(954 933)	(3 266 714)
<b>Total employee benefits 30 June</b>	<b>34 368 577</b>	<b>32 305 343</b>
Less: Transfer of Current Provision - note 7	(1 832 801)	(1 633 854)
<b>Balance 30 June</b>	<b>32 535 776</b>	<b>30 671 489</b>

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	1 654 387	1 915 411
Interest Cost - note 34	2 954 388	2 905 285
Actuarial (gains)/losses	(954 933)	(3 266 714)
<b>Total expenditure recognised in the Statement of Financial Performance</b>	<b>3 653 842</b>	<b>1 553 982</b>

### 5.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan of which the members are made up as follows:

In-service (employee) members	113	111
In-service (employee) non-members	60	54
Continuation members (e.g. Retirees, widows, orphans)	33	31
<b>Total Members</b>	<b>206</b>	<b>196</b>

	2018 R	2017 R	2016 R	2015 R	2014 R
The liability in respect of past service has been estimated to be as follows:					
In-service members	10 530 407	10 844 723	11 423 790	9 216 529	7 561 057
In-service non-members	2 122 331	1 963 351	1 770 364	2 482 585	2 794 297
Continuation members	15 883 890	14 279 860	13 521 863	13 148 779	10 697 865
<b>Total Liability</b>	<b>28 536 628</b>	<b>27 087 934</b>	<b>26 716 017</b>	<b>24 847 893</b>	<b>21 053 219</b>

History of experience adjustments were calculated as follows:

Liabilities: (Gain)/ Loss	754 000	833 000	64 000	1 838 000	361 000
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The Municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas, LA Health, Samwumed, Keyhealth and Hosmed

**Key actuarial assumptions used:**

	2018	2017
<b>i Rate of interest</b>		
Discount rate	9.45%	9.51%
Health Care Cost Inflation Rate	7.31%	7.81%
Net Effective Discount Rate	1.99%	1.58%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

#### ii Mortality rates

Mortality during employment - SA 85-90  
Mortality post-retirement - PA90-1

#### iii Normal retirement age

It has been assumed that in-service members will retire at age 65, which then implicitly allows for expected rates of early and ill-health retirement.

#### iv Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

#### v Expected rate of salary increases

2018/2019 - average CPI (Feb 2017 – Jan 2018) + 1 per cent  
2019/2020 - average CPI (Feb 2018 – Jan 2019) + 1 per cent

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	28 536 628	27 087 934
Total Liability	28 536 628	27 087 934

The Fund is wholly unfunded. The Municipality recognises the full increase in this defined benefit liability immediately as per GRAP 25, Employee Benefits.

### The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost - note 29	1 174 412	1 394 757
Interest Cost	2 520 238	2 439 510
Actuarial Gains	(1 033 873)	(2 376 846)
<b>Total expenditure recognised in the Statement of Financial Performance</b>	<b>2 660 777</b>	<b>1 457 421</b>

### Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	27 087 934	26 716 017
Total expenses	2 482 567	2 748 763
Current service cost	1 174 412	1 394 757
Interest Cost	2 520 238	2 439 510
Contributions (Benefits Paid)	(1 212 083)	(1 085 504)
Actuarial Gains	(1 033 873)	(2 376 846)
Present value of fund obligation at the end of the year	28 536 628	27 087 934
Less: Transfer of Current Portion - note 7	(1 393 521)	(1 214 310)
<b>Balance 30 June</b>	<b>27 143 107</b>	<b>25 873 624</b>

Contributions or benefits paid refer to medical scheme contributions made by the Municipality with respect to its subsidy of current continuation members.

### Sensitivity Analysis on the Accrued Liability

			In-service members liability	Continuation members liability	Total Liability
			R	R	R
Central Assumptions			12 652 738	15 883 890	28 536 628
The effect of movements in the assumptions are as follows:					
	Change	In-service members liability	Continuation members liability	Total Liability	Change
		R	R	R	%
Health care inflation	+1%	15 527 000	17 330 000	32 857 000	15%
Health care inflation	-1%	10 404 000	14 617 000	25 021 000	(12%)
Discount rate	+1%	10 461 000	14 650 000	25 111 000	(12%)
Discount rate	-1%	15 492 000	17 314 000	32 806 000	15%
Post-retirement mortality	-1 year	13 075 000	16 516 000	29 591 000	4%
Average retirement age	-1 year	13 788 000	15 884 000	29 672 000	4%
Continuation of membership at retirement	10%	11 035 000	15 884 000	26 919 000	(6%)

### Sensitivity Analysis on the Current-Service and Interest Cost

Assumption	Change	Current Service Cost R	Interest Cost R	Total R	Change %
Central Assumptions		1 174 412	2 520 238	3 694 650	
Health care inflation	+1%	1 408 800	3 040 300	4 449 100	19%
Health care inflation	-1%	894 200	2 300 400	3 194 600	(15%)
Discount rate	+1%	907 900	2 553 200	3 461 100	(8%)
Discount rate	-1%	1 392 500	2 714 500	4 107 000	10%
Post-retirement mortality	-1 year	1 154 700	2 731 900	3 886 600	4%
Average retirement age	-1 year	1 205 800	2 739 600	3 945 400	5%
Continuation of membership at retirement	10%	979 300	2 479 500	3 458 800	(8%)

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### History of Liabilities

	2018 R	2017 R	2016 R	2015 R	2014 R
Accrued Liability	28 536 628	27 087 934	26 716 017	24 847 893	21 053 000
Fair value of plan assets	-	-	-	-	-
Surplus	28 536 628	27 087 934	26 716 017	24 847 893	21 053 000

### Best estimate of benefit payments expected in the next annual period

	2019 R	2020 R
Present value of fund obligation at the beginning of the year	28 536 628	30 893 108
Total expenses	2 356 480	2 578 214
Current service cost	1 117 647	1 223 265
Interest Cost	2 632 354	2 850 336
Benefits Paid	(1 393 521)	(1 495 387)
Present value of fund obligation at the end of the year	30 893 108	33 471 322

## 5.2 Long Service Awards

The Long Service Awards plans are defined benefit plans.

	2018 Employees	2017 Employees
As at year end, the following number of employees were eligible for Long Service Awards.	409	390
<b>Key actuarial assumptions used:</b>		
<b>i Rate of interest</b>	<b>2018 %</b>	<b>2017 %</b>
Discount rate	8.73%	8.66%
General Salary Inflation (long term)	6.29%	6.49%
Net Effective Discount Rate applied to salary-related Long Service Awards	2.30%	2.04%

### ii Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

	2018 R	2017 R
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	5 831 949	5 217 409
Total Liability	5 831 949	5 217 409

The fund is wholly unfunded.

### The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost - note 29	479 975	520 654
Interest Cost	434 150	465 775
Actuarial (gains)/losses	78 940	(889 868)
<b>Total expenditure recognised in the Statement of Financial Performance</b>	<b>993 065</b>	<b>96 561</b>

The liability of periods commencing prior to the comparative year has been estimated as follows:

	2018 R	2017 R	2016 R	2015 R	2014 R
Liabilities	5 831 949	5 217 409	5 446 409	4 695 433	4 426 598
History of experience adjustments were calculated as follows:					
	2018 R	2017 R	2016 R	2015 R	2014 R
Liabilities: (Gain) / Loss	195 916	(468 372)	248 501	(72 616)	262 519

The first actuarial valuation was performed on 30 June 2013. Thus there are no experience adjustment figures available before 30 June 2013.

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	5 217 409	5 446 409
Total expenses	535 600	-90 153
Current service cost	479 975	520 654
Interest Cost	434 150	465 775
Benefits Vesting	(378 525)	(1 076 582)
Actuarial (gains)/losses	78 940	(138 847)
Present value of fund obligation at the end of the year	5 831 949	5 217 409
Less: Transfer of Current Portion - note 7	(439 280)	(419 544)
<b>Balance 30 June</b>	<b>5 392 669</b>	<b>4 797 865</b>

### Sensitivity Analysis on the Accrued Liability

Assumption	Change	Total Liability R	Change %
Central Assumptions		5 832 000	
Health care inflation	+1%	6 289 000	8%
Health care inflation	-1%	5 424 000	-7%
Discount rate	+1%	5 411 000	-7%
Discount rate	-1%	6 312 000	8%
Post-retirement mortality	-2 year	5 247 000	-10%
Average retirement age	+2 year	6 442 000	10%
Continuation of membership at retirement	-50%	6 891 000	18%

### Sensitivity Analysis on the Current-Service and Interest Cost

Assumption	Change	Current Service Cost R	Interest Cost R	Total R	Change %
Central Assumptions		479 975	434 150	914 125	
Health care inflation	+1%	526 400	470 800	997 200	9%
Health care inflation	-1%	439 200	401 500	840 700	-8%
Discount rate	+1%	442 300	446 700	889 000	-3%
Discount rate	-1%	523 500	418 000	941 500	3%
Post-retirement mortality	-2 year	436 300	389 600	825 900	-10%
Average retirement age	+2 year	528 000	485 700	1 013 700	11%
Continuation of membership at retirement	-50%	622 100	521 700	1 143 800	25%

### History of Liabilities

	2018 R	2017 R	2016 R	2015 R	2014 R
Accrued Liability	5 831 949	5 217 409	5 446 453	4 695 477	4 426 598
Fair value of plan assets	-	-	-	-	-
Surplus	5 831 949	5 217 409	5 446 453	4 695 477	4 426 598

### Best estimate of benefit payments expected in the next annual period

	2019 R	2020 R
Present value of fund obligation at the beginning of the year	5 831 949	6 413 245
Total expenses	581 296	245 756
Current service cost	530 220	576 508
Interest Cost	490 356	523 374
Benefits Vesting	(439 280)	(854 126)
Present value of fund obligation at the end of the year	6 413 245	6 659 001

## 5.3 Retirement Funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined by GRAP 25.

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 5.3 Retirement Funds (Continue)

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Pension Fund and Cape Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.

#### Cape Joint Pension Fund

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2014 revealed that the fund is in a sound financial position with a funding level of 101.7% (30 June 2013 - 99.2%).

	2018 R	Restated 2017 R
Contributions paid recognised in the Statement of Financial Performance	31 262	29 119

#### Cape Retirement Fund

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in sound financial position with a funding level of 153.1% (30 June 2015 - 153.1%).

Contributions paid recognised in the Statement of Financial Performance	10 239 803	9 602 461
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#### Defined Contribution Funds

Council contribute to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance	948 929	940 483
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### 6 CONSUMER DEPOSITS

Water and Electricity	4 731 743	4 451 963
Total Consumer Deposits	4 731 743	4 451 963

### 7 CURRENT EMPLOYEE BENEFITS

Current Portion of Post Retirement Benefits - note 5	1 393 521	1 214 310
Current Portion of Long-Service Provisions - note 5	439 280	419 544
Staff Leave	6 560 597	5 595 781
Staff Bonuses	2 870 725	2 611 332
Pension	33 979	33 979
<b>Total Current Employee Benefits</b>	<b>11 298 102</b>	<b>9 874 946</b>

The movement in current employee benefits are reconciled as follows:

#### 7.1 Staff Leave

Balance at beginning of year	5 595 781	4 939 364
Contribution to current portion	1 776 746	1 271 542
Expenditure incurred	- 811 930	(615 124)
<b>Balance at end of year</b>	<b>6 560 597</b>	<b>5 595 781</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. The provision will be realised as employees take leave. There is no possibility of reimbursement.

#### 7.2 Bonuses Accrued

Balance at beginning of year	2 611 332	2 417 488
Contribution to current portion	5 950 770	5 294 107
Expenditure incurred	(5 691 377)	(5 100 263)
<b>Balance at end of year</b>	<b>2 870 725</b>	<b>2 611 332</b>

Bonuses are being paid to all municipal staff. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	Restated 2017 R
<b>7.3 Pension</b>		
Balance at beginning of year	33 979	34 516
Contribution to current portion	-	-
Expenditure incurred	-	(537)
<b>Balance at end of year</b>	<u>33 979</u>	<u>33 979</u>
Pension payments to staff who did not belong to a pension fund in 1994, according to a formula prescribed by a collective agreement. Payment of the amount will occur when the respective employees retire. There is no possibility of reimbursement.		
<b>8 PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade Payables	28 838 388	2 749
Sundry Creditors	2 983 102	3 634 929
Payments received in advance	3 155 794	2 047 229
Retentions	1 834 794	1 677 976
<b>Total Trade Payables</b>	<u>36 812 078</u>	<u>7 362 883</u>
Payables are recognised net of any discounts.		
Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary. All payables are unsecured.		
Sundry creditors include sundry deposits for halls, builders and housing deposits.		
The municipality is in a position to settle its financial obligations as and when they become due in the normal course of business		
<b>9 UNSPENT TRANSFERS AND SUBSIDIES</b>		
Unspent Provincial Government Grants	22 699 967	1 659 812
Unpaid National Government Grants	-	(810 154)
<b>Total Unspent Transfers and Subsidies</b>	<u>22 699 967</u>	<u>849 658</u>
Refer to note 21 for a detail reconciliation of grants.		
Unspent grants can mainly be ascribed to project work in progress at the end of relevant financial years.		
<b>10 VALUE ADDED TAXATION</b>		
<b>10.1 VAT PAYABLE</b>		
VAT Output in suspense	7 271 494	4 130 114
Less: Contribution to Provision for Doubtful Debts	(3 502 392)	(3 461 896)
<b>Total VAT Payable</b>	<u>3 769 103</u>	<u>668 218</u>
<b>10.2 VAT RECEIVABLE</b>		
VAT Input in suspense	5 483 683	1 106 197
<b>Total VAT Receivable</b>	<u>5 483 683</u>	<u>1 106 197</u>
<b>10.3 Net VAT Receivable</b>	<u>1 714 580</u>	<u>437 979</u>
VAT is payable on the receipt basis. VAT is paid over to SARS when payment is received from debtors.		

# MATZIKAMA MUNICIPALITY

11. PROPERTY, PLANT AND EQUIPMENT	2018	2017
	R	R
Cost Price	719 201 985	680 485 313
Accumulated Depreciation	(145 172 028)	(132 055 298)
<b>Carrying value</b>	<b><u>574 029 957</u></b>	<b><u>548 430 015</u></b>



# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	Restated 2017 R
<b>12. INVESTMENT PROPERTY</b>		
Net Carrying amount at 1 July	67 691 582	68 841 582
Fair Value Adjustments	353 218	-
Disposals - current year	(718 000)	(1 150 000)
<b>Carrying amount at 30 June</b>	<b><u>67 326 800</u></b>	<b><u>67 691 582</u></b>
Revenue derived from the rental of investment property	2 121 750	2 175 555
Operating expenditure incurred on properties generating revenue	9 376	32 801
There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the Municipality. There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
The fair model is applied to Investment property. Revaluation of all Investment Property was performed by a Professional Valuer, SWK Valuers. Each property was identified and inspected and fair values adjusted where appropriate. Each of the three main methods (Compare sales method, Capitalization of income approach and Replacement cost minus depreciation valuation) of valuing property was adopted, depending on the specific property.		
<b>13. INTANGIBLE ASSETS</b>		
Computer Software and Rights		
<b>Net Carrying amount at 1 July</b>	<b>212 200</b>	<b>247 343</b>
Cost	547 669	547 669
Accumulated Amortisation	(335 469)	(300 325)
Additions	449 555	
Amortisation	(50 874)	(35 143)
<b>Net Carrying amount at 30 June</b>	<b>610 882</b>	<b>212 200</b>
Cost	997 224	547 669
Accumulated Amortisation	(386 342)	(335 469)
Computer Software have a life span of 15 years and rights (servitudes) have a indefinite lifespan. The carrying value of Rights amount to R20 579 which equals the Fair Value.		
There are no internally generated intangible assets at reporting date.		
There are no intangible assets whose title is restricted.		
There are no intangible assets pledged as security for liabilities.		
There are no contractual commitments for the acquisition of intangible assets.		
<b>14. LONG TERM RECEIVABLES</b>		
Receivables from non-exchange transactions with repayment arrangements at amortised cost	721 399	657 222
Less: Provision for Debt Impairment	(360 699)	(325 242)
Less: Current portion transferred to current receivables	(240 466)	(253 380)
<b>Total Long Term Receivables from non-exchange transactions</b>	<b><u>120 234</u></b>	<b><u>78 599</u></b>
The provision for Debt Impairment could be allocated to the different classes of Long-Term Receivables as follows:		
<b>Reconciliation of Provision for Debt Impairment</b>		
Balance at beginning of year	325 242	458 366
Contribution to provision	35 457	(133 124)
<b>Balance at end of year</b>	<b><u>360 699</u></b>	<b><u>325 242</u></b>
Receivables subject to repayment arrangements are debtors which are repaying their outstanding consumers accounts over a period of more than 12 months. There are no standard repayment terms, therefore no age analysis is available for long term receivables.		
<b>15. INVENTORY</b>		
Consumable Stores - at cost	120 875	8 990
Water - at purification cost	470 435	435 350
Graves - at net realisable value	103 509	46 200
<b>Total Inventory</b>	<b><u>694 819</u></b>	<b><u>490 540</u></b>
<b>Inventories recognised as an expense during the year:</b>		
Consumables	5 107 247	7 565 004
Materials and supplies	3 421 950	-
<b>Total Inventory recognised as an expense</b>	<b><u>8 529 196</u></b>	<b><u>7 565 004</u></b>
No inventories were pledged as security for liabilities		

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	Restated 2017 R
<b>16. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
<b>Service Receivables</b>	<b>59 470 266</b>	<b>52 625 401</b>
Electricity	8 237 704	8 422 423
Water	6 999 391	7 125 404
Waste Management	10 599 536	8 568 251
Waste Water Management	9 946 161	8 975 418
Other Arrears	23 687 475	19 533 905
<b>Other Receivables</b>		
Sundry Receivables	-	104 448
<b>Total: Receivables from exchange transactions (before provision)</b>	<b>59 470 266</b>	<b>52 729 849</b>
Less: Provision for doubtful debts	(40 371 776)	(38 360 202)
<b>Total: Receivables from exchange transactions (after provision)</b>	<b>19 098 490</b>	<b>14 369 646</b>
<p>Consumer debtors are receivable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. The fair value of receivables approximates their carrying value.</p> <p>Other arrears include accounts handed over for collection, pensioners medical aid receivables and other non-service charges.</p>		
<b>Electricity: Ageing</b>		
Current (0 - 30 days)	5 165 597	5 411 051
31 - 60 Days	1 070 793	1 764 510
61 - 90 Days	438 236	321 111
+ 90 Days	1 563 079	925 751
<b>Total</b>	<b>8 237 704</b>	<b>8 422 423</b>
<b>Water: Ageing</b>		
Current (0 - 30 days)	822 673	1 088 716
31 - 60 Days	390 545	569 678
61 - 90 Days	396 584	335 447
+ 90 Days	5 389 589	5 131 563
<b>Total</b>	<b>6 999 391</b>	<b>7 125 404</b>
<b>Waste Management: Ageing</b>		
Current (0 - 30 days)	1 177 363	1 160 701
31 - 60 Days	662 866	625 965
61 - 90 Days	503 616	426 419
+ 90 Days	8 255 691	6 355 165
<b>Total</b>	<b>10 599 536</b>	<b>8 568 251</b>
<b>Waste Water Management: Ageing</b>		
Current (0 - 30 days)	1 140 405	1 273 069
31 - 60 Days	655 461	668 452
61 - 90 Days	527 329	467 859
+ 90 Days	7 622 967	6 566 039
<b>Total</b>	<b>9 946 161</b>	<b>8 975 419</b>
<b>Other: Ageing</b>		
Current (0 - 30 days)	1 880 976	1 446 289
31 - 60 Days	563 894	889 508
61 - 90 Days	391 076	628 265
+ 90 Days	20 851 529	16 569 843
<b>Total</b>	<b>23 687 475</b>	<b>19 533 905</b>
<b>Total: Ageing</b>		
Current (0 - 30 days)	10 187 013	10 379 827
31 - 60 Days	3 343 558	4 518 112
61 - 90 Days	2 256 840	2 179 101
+ 90 Days	43 682 855	35 548 360
<b>Total</b>	<b>59 470 266</b>	<b>52 625 401</b>

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	Restated 2017 R
<b>Service Receivables Balances past due not impaired: (Ageing)</b>		
31 - 60 Days	2 522 402	3 068 994
61 - 90 Days	1 709 281	891 977
+ 90 Days	1 600 757	904 472
<b>Total</b>	<b>5 832 439</b>	<b>4 865 443</b>

### Summary of Debtors by Customer Classification 30 June 2018

	Residential R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	6 387 207	2 904 868	894 938
31 - 60 Days	2 534 541	748 741	60 276
61 - 90 Days	1 971 514	273 388	11 937
+ 90 Days	42 661 511	888 001	133 344
Sub-total	53 554 773	4 814 998	1 100 495
Less: Provision for doubtful debts	(39 028 078)	(1 098 339)	(204 851)
<b>Total debtors by customer classification</b>	<b>14 526 695</b>	<b>3 716 659</b>	<b>895 644</b>

### Summary of Debtors by Customer Classification 30 June 2017

	Residential R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	5 105 580	4 227 803	1 046 445
31 - 60 Days	2 662 179	1 189 988	665 945
61 - 90 Days	1 921 069	228 007	30 025
+ 90 Days	34 558 606	870 455	119 299
Sub-total	44 247 434	6 516 252	1 861 714
Less: Provision for doubtful debts	(37 109 385)	(1 035 962)	(214 855)
<b>Total debtors by customer classification</b>	<b>7 138 050</b>	<b>5 480 291</b>	<b>1 646 858</b>

	2018 R	2017 R
<b>Reconciliation of Provision for Debt Impairment</b>		
Balance at beginning of year	51 273 569	44 963 977
Contribution to provision - Exchange Transactions	5 956 365	9 431 094
Contribution to provision - Non Exchange Transactions	11 759 372	6 603 314
Bad Debts Written Off	(4 303 804)	(9 724 816)
<b>Balance at end of year</b>	<b>64 685 501</b>	<b>51 273 569</b>
Receivables from Exchange Transactions - Note 48	40 371 776	38 360 215
Receivables from Non-Exchange Transactions - Note 48	23 953 025	12 588 112
Long term receivables - Note 48	360 699	325 242
	<b>64 685 501</b>	<b>51 273 569</b>

## 17. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Taxes - Rates	13 301 683	8 548 057
Fines	18 696 139	10 014 991
Other Receivables	1 794 375	1 616 362
	33 792 197	20 179 410
Less: Provision for doubtful debts	(23 953 025)	(12 588 115)
<b>Total Receivables from non-exchange transactions</b>	<b>9 839 172</b>	<b>7 591 295</b>

### Rates: Ageing

Current (0 - 30 days)	2 774 494	2 446 286
31 - 60 Days	953 054	669 679
61 - 90 Days	568 190	327 169
+ 90 Days	9 005 945	5 104 924
<b>Total</b>	<b>13 301 683</b>	<b>8 548 057</b>

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	Restated 2017 R
<b>Rates Balances past due not impaired: (Ageing)</b>		
31 - 60 Days	834 715	518 497
61 - 90 Days	503 004	190 806
+ 90 Days	380 957	328 923
<b>Total</b>	<b>1 718 676</b>	<b>1 038 226</b>

### Summary of Debtors by Customer Classification 30 June 2018

	Residential R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	2 357 605	407 336	9 553
31 - 60 Days	852 341	83 661	17 052
61 - 90 Days	525 895	31 196	11 098
+ 90 Days	5 703 763	140 177	3 162 005
Sub-total	9 439 604	662 370	3 199 708
Less: Provision for doubtful debts	(5 787 075)	(181 069)	(3 157 646)
<b>Total debtors by customer classification</b>	<b>3 652 530</b>	<b>481 302</b>	<b>42 062</b>

### Summary of Debtors by Customer Classification 30 June 2017

	Residential R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	1 914 371	525 017	6 898
31 - 60 Days	552 735	110 046	6 898
61 - 90 Days	297 813	22 458	6 898
+ 90 Days	3 131 443	112 783	1 860 697
Sub-total	5 896 362	770 304	1 881 391
Less: Provision for doubtful debts	(3 376 143)	(130 612)	(1 691 036)
<b>Total debtors by customer classification</b>	<b>2 520 219</b>	<b>639 692</b>	<b>190 355</b>

## 18. OPERATING LEASE ASSET

### The Municipality as Lessor (Asset)

Balance on 1 July	81 591	82 341
Movement during the year	5 972	(751)
<b>Balance on 30 June</b>	<b>87 563</b>	<b>81 591</b>

At the Statement of Financial Position date, where the Municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	107 585	100 229
1 to 5 Years	353 959	372 482
More than 5 Years	103 325	192 387
<b>Total Operating Lease Arrangements</b>	<b>564 869</b>	<b>665 098</b>

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The Municipality is leasing land and buildings to different rate payers for periods ranging from 36 to 120 months with escalations of between 3% and 10% per year.

The leases are in respect of land and buildings being leased out for previous ranging until 2019.

The municipality does not engage in any sub-lease arrangements.

The municipality did not receive any contingent rent during the year.

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	Restated 2017 R
<b>19. CASH AND CASH EQUIVALENTS</b>		
<b>Assets</b>		
Current Accounts	44 571 095	11 493 956
Call Investment deposits	1 875 902	1 752 093
Cash Floats	5 620	5 570
<b>Total Cash and Cash Equivalents - Assets</b>	<b>46 452 617</b>	<b>13 251 619</b>
<b>Liabilities</b>		
Current Accounts	-	(9 135 563)
<b>Total Cash and Cash Equivalents - Liabilities</b>	<b>-</b>	<b>(9 135 563)</b>
<b>Net Balance</b>	<b>46 452 617</b>	<b>4 116 056</b>
Cash and cash equivalents comprise cash held and short term deposits. The Municipality has the following bank accounts:		
<b>Current Accounts</b>		
ABSA Bank - Account Number 40-5057-5029	8 372 301	(8 955 608)
ABSA Bank - Account Number 40-7513-2844	19 075 881	3 963 222
ABSA Bank - Account Number 40-7512-9982	8 272 813	4 060 792
ABSA Bank - Account Number 40-7554-5657	3 596 664	2 187 669
ABSA Bank - Account Number 40-9041-7837	5 239 358	1 088 791
ABSA Bank - Account Number 40-7670-7628	-	13 526
ABSA Bank - Account Number 40-9308-1405	14 079	-
	<b>44 571 095</b>	<b>2 358 392</b>
<b>Call Deposits and Investments</b>		
Investec	1 875 902	1 752 093
Details of current accounts are as follow:		
<b>ABSA Bank - Account Number 40-5057-5029</b>		
Cash book balance at beginning of year	(8 955 608)	6 551 056
Cash book balance at end of year	8 372 301	(8 955 608)
Bank statement balance at beginning of year	6 079 890	6 267 852
Bank statement balance at end of year	8 137 316	6 079 890
<b>ABSA Bank - Account Number 40-7513-2844</b>		
Cash book balance at beginning of year	3 963 222	730 915
Cash book balance at end of year	19 075 881	3 963 222
Bank statement balance at beginning of year	3 963 222	730 915
Bank statement balance at end of year	19 075 881	3 963 222
<b>ABSA Bank - Account Number 40-7512-9982</b>		
Cash book balance at beginning of year	4 060 792	941 668
Cash book balance at end of year	8 272 813	4 060 792
Bank statement balance at beginning of year	4 060 792	941 668
Bank statement balance at end of year	8 272 813	4 060 792
<b>ABSA Bank - Account Number 40-7554-5657</b>		
Cash book balance at beginning of year	2 187 669	633 158
Cash book balance at end of year	3 596 664	2 187 669
Bank statement balance at beginning of year	2 187 669	633 158
Bank statement balance at end of year	3 596 664	2 187 669
<b>ABSA Bank - Account Number 40-7670-7628</b>		
Cash book balance at beginning of year	-	13 526
Cash book balance at end of year	-	13 526
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	Restated 2017 R
<b>ABSA Bank - Account Number 40-9041-7837</b>		
Cash book balance at beginning of year	1 088 791	-
Cash book balance at end of year	<u>5 239 358</u>	<u>1 088 791</u>
Bank statement balance at beginning of year	2 188 405	-
Bank statement balance at end of year	<u>5 239 358</u>	<u>2 188 405</u>
<b>ABSA Bank - Account Number 40-9308-1405</b>		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	<u>14 079</u>	<u>-</u>
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>14 079</u>	<u>-</u>

## 20. PROPERTY RATES

### Actual

#### Rateable Land and Buildings

Business and Commercial Property	921 624	5 810 019
Industrial Property	1 825 948	2 006 767
Public Service Infrastructure Properties	145 499	94 157
Residential Properties	30 179 756	21 189 844
Small Holdings	118 365	656 755
State-owned Properties	5 043 250	5 129 063
Agricultural Properties	<u>7 027 437</u>	<u>8 208 244</u>
<b>Total Assessment Rates</b>	<b>45 261 879</b>	<b>43 094 849</b>
Less: Revenue Foregone	<u>(535 172)</u>	<u>(564 371)</u>
<b>Total Property Rates</b>	<b><u>44 726 706</u></b>	<b><u>42 530 478</u></b>

#### Valuations - 1 July 2016

#### Rateable Land and Buildings

	Building Clause Valuation	Building Valuation	Total Valuation
Domestic	4 196 500	2 959 784 700	2 963 981 200
Business and Commercial Property	-	811 229 000	811 229 000
Church	-	-	-
Light Industrial	-	173 650 500	173 650 500
Agricultural/Rural	-	4 123 532 400	4 123 532 400
State-owned Properties	-	516 071 500	516 071 500
Other - Pensioners etc.	-	22 569 500	22 569 500
<b>Total Assessment Rates</b>	<b><u>4 196 500</u></b>	<b><u>8 606 837 600</u></b>	<b><u>8 611 034 100</u></b>

#### Rates:

Residential	0.008510 c/R	0.007998 c/R
Commercial	0.010894 c/R	0.010239 c/R
Agricultural (2010 - less 65% rebate)	0.001702 c/R	0.001600 c/R
DMA Agricultural	0.000598 c/R	0.000552 c/R

Assessment Rates are levied on the value of land and improvements. The last valuation came into effect on 1 July 2016, and the next one will be implemented 1 July 2020. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September.

Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	Restated 2017 R
<b>21. GOVERNMENT GRANTS AND SUBSIDIES</b>		
<b>Unconditional Grants</b>		
Equitable Share	47 561 000	44 100 000
<b>Conditional Grants</b>	<b>47 350 850</b>	<b>35 234 043</b>
Department of Mineral Resources	2 189 846	3 810 154
FMG	1 550 000	1 475 000
MIG	21 614 000	20 337 000
Municipal Water Infrastructure Grant	10 000 000	-
EPWP	1 406 000	1 119 000
CDW's	111 000	113 000
Library Services	6 246 000	6 226 000
FMSG	530 000	892 744
Public Transport Infrastructure	65 000	64 000
Municipal Capacity Building Grant	178 205	62 100
Municipal Service Delivery and Capacity Building Grant	680 056	837 086
WC Financial Support for IDP related Projects	-	137 959
Thusong services centres operational grant	65 000	100 000
Local Government Graduate Internship Grant	-	60 000
Municipal Drought Relief Grant	1 437 897	-
Municipal Disaster Recovery Grant	549 228	-
Human Settlements	562 486	-
Transport, Education and Training SETA	166 132	-
<b>Total Government Grants and Subsidies</b>	<b>94 911 850</b>	<b>79 334 043</b>
Government Grants and Subsidies - Capital	35 858 386	24 701 743
Government Grants and Subsidies - Operating	59 053 464	54 632 300
	<b>94 911 850</b>	<b>79 334 043</b>
 Expenditure per vote as required by Section 123 (c) of the MFMA		
Vote 1 - Executive & Council	223 070	-
Vote 2 - Finance	2 080 000	2 427 744
Vote 3 - Corporate	457 523	6 013 819
Vote 4 - Community Development	9 730 586	2 552 088
Vote 5 - Infrastructure Services	34 859 670	24 240 391
<b>Total Expenditure per vote</b>	<b>47 350 850</b>	<b>35 234 043</b>
 Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the ensuing 3 financial years.		
<b>21.1 Equitable share</b>		
Opening balance	-	-
Grants received	47 561 000	44 100 000
Operating	(47 561 000)	(44 100 000)
Closing balance	-	-
 The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
<b>21.2 Department of Mineral Resources</b>		
Opening balance	(810 154)	-
Grants received	3 000 000	3 000 000
Conditions met - Operating	-	(181 260)
Conditions met - Capital	(2 189 846)	(3 628 894)
Conditions still to be met/(Grant Expenditure to be recovered)	-	-
Closing balance	-	<b>(810 154)</b>

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	Restated 2017 R
<b>21.3 Local Government Financial Management Grant (FMG)</b>		
Opening balance	-	-
Grants received	1 550 000	1 475 000
Conditions met - Operating	<u>(1 550 000)</u>	<u>(1 475 000)</u>
Closing balance	<u>-</u>	<u>-</u>
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG also fund the cost of the Financial Management Internship Programme.		
<b>21.4 Municipal Infrastructure Grant (MIG)</b>		
Opening balance	-	-
Grants received	21 614 000	20 337 000
Conditions met - Capital	<u>(21 614 000)</u>	<u>(20 337 000)</u>
Closing balance	<u>-</u>	<u>-</u>
The grant was used to upgrade infrastructure in previously disadvantaged areas.		
<b>21.5 Housing Grants</b>		
Opening balance	898 000	-
Grants received	3 696 753	898 000
Conditions met - Operating	<u>(562 486)</u>	<u>-</u>
Conditions still to be met/(Grant Expenditure to be recovered)	<u>4 032 267</u>	<u>898 000</u>
Housing grants was utilised for the development of erven and the erection of top structures.		
<b>21.6 Other Grants</b>		
Opening balance	761 814	810 703
Grants received	38 055 132	10 461 000
Conditions met - Operating	<u>(7 973 978)</u>	<u>(8 876 040)</u>
Conditions met - Capital	<u>(12 054 540)</u>	<u>(735 849)</u>
Conditions still to be met/(Grant Expenditure to be recovered)	<u>18 788 428</u>	<u>1 659 814</u>
<b>21.7 Total Grants</b>		
Opening balance	849 660	810 701
Grants received	116 882 885	79 373 000
Conditions met - Operating	<u>(59 053 465)</u>	<u>(54 632 300)</u>
Conditions met - Capital	<u>(35 858 386)</u>	<u>(24 701 743)</u>
Repaid to Provincial Treasury	<u>(120 727)</u>	
Conditions still to be met/(Grant expenditure to be recovered)	<u>22 699 967</u>	<u>849 658</u>
Disclosed as follows:		
Unspent Conditional Government Grants and Receipts	22 699 967	1 659 812
Unpaid Conditional Government Grants and Receipts	<u>-</u>	<u>(810 154)</u>
	<u>22 699 967</u>	<u>849 658</u>
<b>22. SERVICE CHARGES</b>		
Electricity	100 072 268	102 379 275
Service Charges	100 195 836	102 736 611
Less: Revenue foregone	<u>(123 568)</u>	<u>(357 336)</u>
Water	11 015 989	16 951 510
Service Charges	11 270 167	17 267 980
Less: Revenue foregone	<u>(254 178)</u>	<u>(316 470)</u>
Refuse removal	14 941 304	14 281 221
Service Charges	19 215 504	18 282 679
Less: Revenue foregone	<u>(4 274 200)</u>	<u>(4 001 458)</u>
Sewerage and Sanitation Charges	14 251 530	13 740 219
Service Charges	19 304 490	18 446 814
Less: Revenue foregone	<u>(5 052 960)</u>	<u>(4 706 595)</u>
<b>Total Service Charges</b>	<u>140 281 091</u>	<u>147 352 224</u>

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	Restated 2017 R
<b>23. SALES OF GOODS AND RENDERING OF SERVICES</b>		
Advertising	26 531	31 272
Application Fees - Town Planning	51 335	61 895
Building Plan Fees	202 429	276 476
Cemetery	256 742	287 073
Cemetery Digging	-	1 350
Encroachments	8 402	30 609
Housing Redeemed	13 960	75 543
Insurance Claims	58 849	132 026
Photocopies	34 046	29 098
Roadworthy Certificates	709 877	716 885
Subscription Fees	246	3 244
Sundry Income - Finance	946 077	1 072 840
Valuation Certificates	156 317	115 321
Other revenue	222 741	633 328
Telephone	44 251	39 803
<b>Total Other Income</b>	<b>2 731 805</b>	<b>3 506 765</b>
<b>24. CONTRIBUTING PROPERTY PLANT AND EQUIPMENT</b>		
Contribution Property Plant and Equipment	7 761	19 522 928
<b>Total Contributing Property, Plant and Equipment</b>	<b>7 761</b>	<b>19 522 928</b>
Department of Land Reforms and Department of Housing contributed towards the construction of infrastructure assets		
<b>25. RENTAL FROM FIXED ASSETS</b>		
Investment Property	2 121 750	2 175 555
Other rentals	1 596 652	1 445 291
<b>Total Rental from Fixed Assets</b>	<b>3 718 402</b>	<b>3 620 846</b>
<b>26. INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Bank	2 497 636	1 700 714
<b>Total Interest Earned-External Investments</b>	<b>2 497 636</b>	<b>1 700 714</b>
<b>27. INTEREST EARNED-OUTSTANDING RECEIVABLES</b>		
Trade Receivables	2 834 827	3 161 708
<b>Total Interest Earned-Outstanding Receivables</b>	<b>2 834 827</b>	<b>3 161 708</b>
<b>28. AGENCY SERVICES</b>		
Agency services	3 284 970	2 740 169
<b>Total Agency Services</b>	<b>3 284 970</b>	<b>2 740 169</b>
Agency services consists of motor vehicle registration and licensing agency fees		
<b>29. EMPLOYEE RELATED COSTS</b>		
Bonuses	5 950 770	5 294 107
Contributions for UIF, pensions and medical aids	16 323 851	15 073 436
Housing Subsidy	200 553	139 496
Overtime	5 471 967	4 340 933
Protective Clothing	638 370	571 524
Salaries and Wages	71 074 346	68 438 340
Skills Development Levy and Training	948 781	563 156
Travel, motor car, telephone, assistance and other allowances	8 802 789	4 540 430
Provision for Staff Leave	1 776 746	1 271 541
Contribution to provision - Post Retirement Medical - Note 5	1 174 412	1 394 757
Contribution to provision - Long Service Awards - Note 5	479 975	520 654
<b>Total Employee Related Costs</b>	<b>112 842 560</b>	<b>102 148 374</b>

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 29.1 KEY MANAGEMENT PERSONNEL

The Municipal Manager is appointed on a 5 year fixed contract. There are no post-employment or termination benefits payable at the end of the contract period. All directors are permanently appointed.

#### REMUNERATION OF KEY MANAGEMENT PERSONNEL

##### Remuneration of the Municipal Manager: DP Lubbe

	2018 R	Restated 2017 R
Basic Salary	892 581	420 026
Pension and UIF Contributions	1 884	892
Performance Bonus	93 052	-
Motor Vehicle Allowance	356 313	165 893
Cellphone Allowance	12 914	5 797
Other Allowances and Benefits	171 817	77 843
<b>Total</b>	<b>1 528 561</b>	<b>670 451</b>

##### Remuneration of the Chief Financial Officer: GRJ Seas

Basic Salary	863 227	572 607
Pension and UIF Contributions	1 884	121 020
Medical Aid Contributions	-	38 710
Performance Bonus	139 447	-
Motor Vehicle Allowance	110 016	133 462
Cellphone Allowance	-	9 735
Other Allowances and Benefits	257 288	178 946
<b>Total</b>	<b>1 371 862</b>	<b>1 054 479</b>

##### Remuneration of the Director Technical Services: J Pekeur (Resigned 28 February 2017)

Basic Salary	-	434 448
Pension and UIF Contributions	-	85 907
Medical Aid Contributions	-	29 788
Performance Bonus	88 091	172 658
Motor Vehicle Allowance	-	53 420
Cellphone Allowance	-	8 409
Other Allowances and Benefits	-	128 900
<b>Total</b>	<b>88 091</b>	<b>913 529</b>

##### Remuneration of the Director Technical Services: R Basson (Appointed 1 May 2017)

Basic Salary	758 210	120 624
Pension and UIF Contributions	150 042	23 819
Medical Aid Contributions	-	-
Performance Bonus	25 354	-
Motor Vehicle Allowance	103 133	18 000
Cellphone Allowance	13 600	2 000
Other Allowances and Benefits	159 116	18 657
<b>Total</b>	<b>1 209 455</b>	<b>183 100</b>

##### Remuneration of the Director Corporate Services: W Conradie

Basic Salary	654 266	591 192
Pension and UIF Contributions	137 723	117 067
Medical Aid Contributions	47 307	46 452
Performance Bonus	116 406	86 284
Motor Vehicle Allowance	78 499	76 665
Cellphone Allowance	12 600	12 986
Other Allowances and Benefits	138 363	92
<b>Total</b>	<b>1 185 164</b>	<b>930 738</b>

##### Remuneration of the Director Community Services: J Swartz

Basic Salary	59 254	659 040
Pension and UIF Contributions	11 711	130 297
Medical Aid Contributions	3 887	44 394
Performance Bonus	125 301	92 878
Motor Vehicle Allowance	5 221	61 185
Cellphone Allowance	-	3 008
Other Allowances and Benefits	854 885	170 231
<b>Total</b>	<b>1 060 259</b>	<b>1 161 032</b>

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	Restated 2017 R
<b>Remuneration of the Director Planning and Development: L Phillips</b>		
Basic Salary	729 091	657 459
Pension and UIF Contributions	1 884	1 785
Medical Aid Contributions	35 910	15 385
Performance Bonus	115 268	85 441
Motor Vehicle Allowance	136 109	133 951
Cellphone Allowance	5 200	12 000
Other Allowances and Benefits	153 164	14 764
<b>Total</b>	<b>1 176 626</b>	<b>920 785</b>

### 30. REMUNERATION OF COUNCILLORS

G Stephan	790 688	716 462
A Sindaymba	688 143	580 633
NS Louw	677 531	555 605
RJ Nutt	637 736	519 723
WD Loff	637 736	519 723
AFK Job	637 736	519 723
P Bok	292 677	316 376
WH Nell	292 677	300 075
AW Links	292 677	232 418
J de Jongh	292 677	232 418
M Carosini	292 677	232 418
NM Ngobo	292 677	232 418
MV Cloete	292 677	232 418
XP Tshetu	292 677	232 418
DD Jenner	424 128	232 418
HJ vd Hoooven	4 198	-
MC Witbooi	-	67 449
MJ Smith	-	26 812
F Bam	-	63 374
EL Mqingqi	-	26 812
C vd Westruis	-	26 812
D Okhuis	-	26 812
J Botha	-	63 374
W Fortuin	-	63 374
Y Cloete	-	26 812
B Julies	-	26 812
DR Fredericks	-	26 812
<b>Total Councillors Remuneration</b>	<b>6 839 312</b>	<b>6 100 498</b>

Remuneration of councillors can be summarised as follows:

Salaries	5 816 995	5 352 698
Travel, motor car, telephone, assistance and other allowances	839 320	558 148
Contributions for UIF, pensions and medical aids	182 997	189 652
<b>Total Councillors' Remuneration</b>	<b>6 839 312</b>	<b>6 100 498</b>
Mayor	790 688	768 218
Deputy Mayor	688 143	613 779
Speaker	677 531	619 061
Mayoral Committee	1 913 208	1 730 389
Councillors	2 769 742	2 369 050
<b>Total Councillors' Remuneration</b>	<b>6 839 312</b>	<b>6 100 498</b>

#### In-kind Benefits

The Executive Mayor, Executive Deputy Mayor, Speaker, Chief Whip and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	Restated 2017 R
<b>31. CONTRACTED SERVICES</b>		
Outsourced Services	1 736 941	1 389 099
Consultants and Professional Services	4 690 249	3 871 839
Contractors	1 320 738	139 019
<b>Total Contracted Services</b>	<b>7 747 928</b>	<b>5 399 956</b>
<b>32. DEBT IMPAIRMENT</b>		
Trade Receivables from exchange transactions	5 956 365	9 431 094
Trade Receivables from non-exchange transactions	11 759 372	6 603 314
VAT Portion of Provision	(40 495)	(435 415)
<b>Total debt impairment</b>	<b>17 675 241</b>	<b>15 598 993</b>
<b>33. DEPRECIATION AND AMORTISATION</b>		
Property Plant and Equipment	13 819 201	13 600 615
Intangible Assets	50 874	35 143
<b>Total Depreciation and Amortisation</b>	<b>13 870 075</b>	<b>13 635 758</b>
<b>34. FINANCE COSTS</b>		
Long-term Borrowings	2 648 713	3 156 265
Non-current Provisions	2 639 298	1 755 382
Non-current Employee Benefits	2 954 388	2 905 285
<b>Total Finance Costs</b>	<b>8 242 399</b>	<b>7 816 932</b>
<b>35. BULK PURCHASES</b>		
Electricity	83 077 080	83 816 283
Water	4 534 918	6 538 970
<b>Total Bulk Purchases</b>	<b>87 611 998</b>	<b>90 355 253</b>
<b>36. REPAIRS AND MAINTENANCE</b>		
Expenditure incurred to repair and maintain Property, Plant and Equipment. The expense forms part of the inventory consumed, operational costs and contracted services line items.		
<b>Community Assets</b>	<b>851 555</b>	<b>578 071</b>
Other materials	828 099	573 565
Other Expenditure	23 456	4 505
<b>Infrastructure</b>	<b>3 180 691</b>	<b>5 339 926</b>
Other materials	2 092 774	3 635 375
Other Expenditure	1 087 917	1 704 551
<b>Land and buildings</b>	<b>516 226</b>	<b>892 122</b>
Other materials	516 226	880 960
Other Expenditure	-	11 161
<b>Other Assets</b>	<b>4 280 811</b>	<b>4 431 741</b>
Other materials	4 093 955	3 629 111
Other Expenditure	186 856	802 630
Total Other Materials	7 531 055	8 719 012
Total Other Expenditure	1 298 229	2 522 847
<b>Total Repairs and Maintenance</b>	<b>8 829 284</b>	<b>11 241 859</b>
<b>37. TRANSFERS AND SUBSIDIES</b>		
<b>Operational: Monetary Allocations</b>		
Life Guards	240 433	134 200
Poverty Alleviation	257 624	65 595
Tourism	931 396	878 675
Sport development	7 000	1 500
<b>Total Grants and Subsidies</b>	<b>1 436 453</b>	<b>1 079 970</b>

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	Restated 2017 R
<b>38. OPERATIONAL COSTS</b>		
Advertisements	302 950	237 194
Audit Fees	1 998 926	1 754 647
Bank Charges	439 198	320 450
Cleaning Material	-	6 820
Commission Paid	1 717 424	1 630 778
Computer Service	2 670 069	689 806
Consulting fees	-	359 438
Contributions	117 941	-
Development Programmes	15 617	14 663
Entertainment Costs	38 691	-
External Computer Service	-	1 342 150
Fuel	3 952 238	3 838 948
Hire Charges	1 727 997	4 505
Insurance	1 270 600	929 897
Licenses	206 630	23 898
Municipal Services	1 976 182	2 168 659
Other materials	3 449	3 417 396
Photocopies	67 831	46 296
Postage	50 399	42 771
Printing and Stationary	1 219 541	1 386 900
Prodiba payments	261 360	245 137
Public Entertainment	29 097	281
External networks-IT services	761 578	1 132 249
Subscription Fees	1 203 648	1 026 636
Survey Costs	420	-
System Access and Information Fees	72 476	-
Telephone	901 796	1 170 996
Training Costs	318 959	93 775
Travel and Subsistence	1 786 540	1 248 552
Vehicle Tracking	93 222	87 692
Other	615 055	1 301 101
Workmen's Compensation Fund	600 785	574 316
<b>Total Operational Costs</b>	<b>24 420 618</b>	<b>25 095 952</b>

Other costs consists of administration, cleaning, disinfection costs, lost books, management of informal areas, marketing region, meter costs, projects, protection equipment, recruitment costs, staff wellness, street lights, trade union contributions and ward committee functions.

## 39. CHANGE IN ESTIMATE

### Other Assets

Decrease in depreciation on other assets for the year	-	597 361
Decrease in depreciation on infrastructure	-	5 759
	<b>-</b>	<b>603 120</b>

## 40. CORRECTION OF ERROR IN TERMS OF GRAP 3

### Property, Plant and Equipment

Correction of Property, Plant and Equipment. After physical verification of fixed assets were performed corrections have been identified. This is now corrected with the following entries, Dt Accumulated Surplus Prior Year 2015/2016, R 22 228.22 (Ct) Cost Opening balance R 71 882.80. Dt Accumulated Depreciation, R49 654.58. Correction of Property, Plant and Equipment with negative carrying values at 30 June 2018. This is now corrected with the following entries. Dt Accumulated Depreciation, R802.07, Dt Cost Opening Balance R910.42 and (Ct) Accumulated Surplus Prior Year 2015/2016 R1712.49

### Long term Borrowings

Correction of Long -term Borrowings due to incorrect statements received from Bank and only discovered when loans was paid in full, this is now corrected with the following entries. Dt Long-term Borrowings, R73 575.91 (Ct) Accumulated Surplus 2015/2016 R73 575.91

### Receivables from Non-Exchange Transactions - Other Receivables

Correction of Other Receivables from non-exchange transactions incorrectly recognised Eskom deposit, this is now corrected with the following entries. Dt Accumulated Surplus Prior Year 2016/2017 R 6 022.40, (Ct) Other Receivables form non-exchange transactions R6022.40

### Receivables from Non-Exchange Transactions - Fines

Correction of Provision for Doubtful Debts from non-exchange transactions prior year audit journal did not take into account Impairment provision when Correcting journal was posted for Fine revenue, this is now corrected with the following entries. Dt Provision for Doubtful Debts R543 347.71 (Ct) Accumulated Surplus Prior Year 2016/2017 R543 347.71. Correction of Other Receivables from non-exchange transactions incorrect recognition of provincial fines, recognition was done on the Cash basis and not on accrual basis, this is now corrected with the following entries. Ct Accumulated Surplus Prior Year 2016/2017 R375 686, (Dt) Fines Receivables from non-exchange transactions R1 372 287, Kt Provision for Doubtful Debts R996 601.

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

40.1 Property, Plant and Equipment: Other Assets	Restated 2017 R	Restated 2016 R
<b>(a) Infrastructure Electricity</b>		
<b>Cost</b>	<b>48 277 369</b>	<b>44 956 122</b>
Balance previously reported	48 277 369	44 956 122
Infrastructure Electricity incorrectly recognised	-	-
<b>Accumulated Depreciation</b>	<b>18 227 680</b>	<b>17 059 177</b>
Balance previously reported	18 228 282	17 059 779
Infrastructure Electricity incorrectly recognised	(602)	(602)
<b>Restated Balance</b>	<b>30 049 689</b>	<b>27 896 945</b>
<b>(b) Infrastructure Water</b>		
<b>Cost</b>	<b>90 570 448</b>	<b>88 183 867</b>
Balance previously reported	90 570 448	88 183 867
Infrastructure Water incorrectly recognised	-	-
<b>Accumulated Depreciation</b>	<b>20 283 202</b>	<b>19 104 426</b>
Balance previously reported	20 282 363	19 103 587
Infrastructure Water incorrectly recognised	839	839
<b>Restated Balance</b>	<b>70 287 246</b>	<b>69 079 441</b>
<b>(c) Infrastructure Landfill Sites</b>		
<b>Cost</b>	<b>29 795 854</b>	<b>29 702 118</b>
Infrastructure Landfill Sites previously reported	29 853 827	29 760 091
Infrastructure Landfill Sites incorrectly recognised	(57 973)	(57 973)
<b>Accumulated Depreciation</b>	<b>17 437 341</b>	<b>15 252 777</b>
Balance previously reported	17 507 525	15 322 961
Infrastructure Landfill Sites incorrectly recognised	(70 184)	(70 184)
<b>Impairments</b>	<b>13 906</b>	<b>-</b>
Balance previously reported	(18 815)	-
Infrastructure Landfill Sites incorrectly recognised	32 721	-
<b>Restated Balance</b>	<b>12 344 607</b>	<b>14 449 341</b>
<b>(d) Office Equipment</b>		
<b>Cost</b>	<b>3 961 717</b>	<b>3 928 016</b>
Balance previously reported	3 961 790	3 928 089
Office Equipment incorrectly recognised	(73)	(73)
<b>Accumulated Depreciation</b>	<b>2 395 068</b>	<b>2 292 906</b>
Balance previously reported	2 394 617	2 292 455
Office Equipment incorrectly recognised	451	451
<b>Restated Balance</b>	<b>1 566 649</b>	<b>1 635 110</b>

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Restated 2017 R	Restated 2016 R
<b>(e) Motor Vehicles</b>		
<b>Cost</b>	<b>22 003 207</b>	<b>-</b>
Balance previously reported	20 803 207	-
Motor Vehicles incorrectly recognised	1 200 000	-
<b>Accumulated Depreciation</b>	<b>11 488 310</b>	<b>-</b>
Balance previously reported	11 474 677	-
Motor Vehicles incorrectly recognised	13 633	-
<b>Restated Balance</b>	<b>10 514 897</b>	<b>-</b>
<b>(f) Plant and Equipment</b>		
<b>Cost</b>	<b>2 402 967</b>	<b>2 238 766</b>
Balance previously reported	2 401 984	2 237 783
Plant and Equipment incorrectly recognised	983	983
<b>Accumulated Depreciation</b>	<b>1 380 783</b>	<b>1 341 541</b>
Balance previously reported	1 380 264	1 341 022
Plant and Equipment incorrectly recognised	519	519
<b>Restated Balance</b>	<b>1 022 184</b>	<b>897 225</b>
<b>(g) Computer Equipment</b>		
<b>Cost</b>	<b>811 010</b>	<b>498 179</b>
Balance previously reported	811 010	498 179
Computer Equipment incorrectly recognised	-	-
<b>Accumulated Depreciation</b>	<b>187 997</b>	<b>168 686</b>
Balance previously reported	188 405	169 094
Computer Equipment incorrectly recognised	(408)	(408)
<b>Restated Balance</b>	<b>623 013</b>	<b>329 493</b>
<b>40.2 Long-term Borrowings</b>		
Annuity loans at amortised cost	25 864 058	29 978 959
Current Portion transferred to Current Liabilities	(4 201 292)	(4 082 984)
<b>Total Long-Term Liabilities at amortised cost using the effective interest rate method</b>	<b>21 662 766</b>	<b>25 895 975</b>
<b>40.3 Receivables from non-exchange transactions</b>		
Taxes - Rates	8 548 057	7 419 957
Fines	10 014 991	5 927 920
Other Receivables	1 616 362	1 442 098
	20 179 410	14 789 975
Less: Provision for doubtful debts	(12 588 115)	(6 596 312)
<b>Total Receivables from non-exchange transactions</b>	<b>7 591 295</b>	<b>8 193 663</b>
<b>40.4 Accumulated Surplus</b>		
Balance previously reported	<b>498 596 330</b>	<b>464 621 778</b>
Infrastructure Electricity incorrectly recognised	602	602
Infrastructure Water incorrectly recognised	(839)	(839)
Infrastructure Landfill Sites previously reported	(20 507)	12 211
Office Equipment incorrectly recognised	(524)	(524)
Plant and Equipment incorrectly recognised	464	464
Motor Vehicles incorrectly recognised	1 186 367	-
Computer Equipment incorrectly recognised	408	408
Long-term Liabilities incorrectly recognised	73 576	73 576
Other receivables from non-exchange transactions incorrectly recognised	(6 022)	-
Fines incorrectly recognised	6 216 404	2 687 554
Provision for Doubtful debts incorrectly recognised	(3 561 456)	(1 440 439)
<b>Restated Balance</b>	<b>502 484 802</b>	<b>465 954 910</b>

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	Restated 2017 R
<b>41 NOTES TO THE CASH FLOW STATEMENT</b>		
<b>41.1 CASH RECEIPTS</b>		
Taxation, Service Charges and Other Revenue	198 902 872	206 284 856
Government Grants	116 493 159	79 373 000
	<u><b>315 396 031</b></u>	<u><b>285 657 856</b></u>
<b>41.2 CASH PAYMENTS</b>		
Suppliers	116 536 873	156 282 082
Employees	118 027 485	108 753 758
	<u><b>234 564 358</b></u>	<u><b>265 035 840</b></u>
<b>41.3 RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS</b>		
<b>Surplus for the year</b>	<b>18 917 391</b>	<b>37 546 892</b>
<b>Adjustments for:</b>	<b>36 740 677</b>	<b>11 604 388</b>
Interest received	(5 332 463)	(4 862 422)
Contributed property, plant and equipment	(7 761)	(19 522 928)
Bad debts	17 675 241	15 598 994
Loss on disposal PPE	649 006	1 381 867
Gain on disposal of investment property	(486 184)	-
Impairment loss/(reversal)	144 484	-
Fair value adjustments	(353 218)	-
Actuarial gains	(1 033 873)	(3 266 714)
Actuarial loss	78 940	-
Depreciation	13 870 075	13 635 758
Other accruals	6 587	(169 695)
Interest paid	8 242 399	7 816 932
Contributions to non-current provisions	1 864 287	26 064
Contributions to current provisions	1 423 157	966 532
<b>Operating Surplus before changes in working capital</b>	<b>55 658 068</b>	<b>49 151 280</b>
<b>Changes in working capital</b>	<b>25 173 605</b>	<b>(28 529 264)</b>
Increase/(Decrease) in Payables from Exchange Transactions	29 449 195	(12 530 263)
Increase/(Decrease) in Taxes	(1 276 601)	(482 566)
Increase in unspent conditional grants	21 040 155	-
(Increase)/ Decrease in unpaid conditional grants	810 154	849 109
(Increase)/Decrease in Inventory	(204 278)	15 523
(Increase)/Decrease in other debtors	(5 972)	750
(Increase)/Decrease in consumer debtors	(24 639 048)	(16 381 817)
<b>Cash generated by operations</b>	<u><b>80 831 673</b></u>	<u><b>20 622 016</b></u>
<b>41.4 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Cash Floats - Note 19	5 620	5 570
Bank - Note 19	44 571 095	2 358 393
Call Investment Deposits	1 875 902	1 752 093
<b>Total cash and cash equivalents</b>	<u><b>46 452 617</b></u>	<u><b>4 116 056</b></u>
<b>42 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 19	46 452 617	4 116 056
Unspent Committed Conditional Grants - Note 9	(22 699 967)	(1 659 812)
Capital Replacement Reserve - Note 2	(4 545 000)	(4 392 000)
Unpaid Conditional Grants	-	810 154
Tax receivable	1 714 580	437 979
<b>Net cash resources available for internal distribution/(resources utilised for internal distribution)</b>	<u><b>20 922 230</b></u>	<u><b>(687 623)</b></u>
<b>43 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term Liabilities - note 3	19 066 401	21 662 766
Used to finance property, plant and equipment - at cost	(19 066 401)	(21 662 766)
	<u><b>-</b></u>	<u><b>-</b></u>
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b>44 Unauthorised expenditure</b>		
<b>Reconciliation of unauthorised expenditure:</b>		
Opening balance	-	-
Unauthorised expenditure current year - operational	-	-
Unauthorised expenditure current year - capital	-	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
<b>Unauthorised expenditure awaiting authorisation</b>	<b>-</b>	<b>-</b>
	<b>2018 Actual R</b>	<b>2018 Final Budget R</b>
		<b>2018 Variance R</b>
		<b>2018 Unauthorised R</b>
<b><u>Unauthorised expenditure current year - operating</u></b>		
Vote 1 - Executive & Council	14 180 563	15 080 438
Vote 2 - Finance	35 828 191	41 129 429
Vote 3 - Corporate	15 329 996	17 677 319
Vote 4 - Community Development	65 147 961	66 746 066
Vote 5 - Infrastructure Services	155 975 286	158 526 429
Vote 6 - Development and Town planning Services	-	-
	<b>286 461 996</b>	<b>299 159 681</b>
		<b>12 697 685</b>
		<b>-</b>
	<b>2018 Actual R</b>	<b>2018 Final Budget R</b>
		<b>2018 Variance R</b>
		<b>2018 Unauthorised R</b>
<b><u>Unauthorised expenditure current year - capital</u></b>		
Vote 1 - Executive & Council	659 607	750 000
Vote 2 - Finance	64 943	159 732
Vote 3 - Corporate	1 276 418	1 361 719
Vote 4 - Community Development	1 585 313	2 767 596
Vote 5 - Infrastructure Services	37 068 262	57 158 029
Vote 6 - Development and Town planning Services	-	-
	<b>40 654 542</b>	<b>62 197 076</b>
		<b>21 542 533</b>
		<b>-</b>
	<b>2018 R</b>	<b>2017 R</b>
<b>44 Fruitless and wasteful expenditure</b>		
<b>Reconciliation of fruitless and wasteful expenditure:</b>		
Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned by Council	-	-
Transfer to receivables for recovery	-	-
<b>Fruitless and wasteful expenditure awaiting further action</b>	<b>-</b>	<b>-</b>
<b>44 Irregular expenditure</b>		
<b>Reconciliation of irregular expenditure:</b>		
Opening balance	11 828 498	11 828 498
Condonement supported by Council	(11 828 498)	-
<b>Closing balance (Irregular expenditure awaiting further action)</b>	<b>-</b>	<b>11 828 498</b>
<b>45 MATERIAL LOSSES</b>		
Water distribution losses		
There were no material water distribution losses during the current and previous financial year		
Electricity distribution losses		
- Units purchased (Kwh)	80 184 787	82 925 264
- Units lost during distribution (Kwh)	10 476 360	11 348 232
- Percentage lost during distribution	13.10%	13.68%
Electricity losses decreased during 2018 financial year due to auditing and installation of new bulk meters		

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>45.1 Non-Material Losses</b>		
Water distribution losses		
- Kilo litres purchased	3 490 767	3 401 327
- Kilo litres lost during distribution	-	16 014
- Percentage lost during distribution	0.00%	0.47%
<b>46 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>46.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA Contributions</b>		
Opening balance	-	-
Council subscriptions	1 175 749	1 026 233
Amount paid - current year	(1 175 749)	(1 026 233)
<b>Balance unpaid (included in creditors)</b>	<u>-</u>	<u>-</u>
<b>46.2 Audit fees - [MFMA 125 (1)(b)]</b>		
Opening balance	-	-
Current year audit fee	1 998 926	1 754 647
Amount paid - current year	(1 998 926)	(1 754 647)
<b>Balance unpaid (included in creditors)</b>	<u>-</u>	<u>-</u>
<b>46.3 VAT - [MFMA 125 (1)(b)]</b>		
Opening balance	437 979	445 321
Amounts received - current year	(1 692 989)	(4 130 115)
Amounts paid - current year	1 290 028	3 461 896
Amounts (received)/paid - previous years	326 391	445 321
Not declared	(1 403 383)	-
Amounts claimed - current year	2 756 555	215 556
<b>Closing balance - (Payable)/Receivable</b>	<u><b>1 714 580</b></u>	<u><b>437 979</b></u>
VAT in suspense due to cash basis of accounting		
Input VAT	5 483 683	3 433 359
Output VAT	(3 769 103)	(2 995 381)
<b>Claimable/(Payable)</b>	<u><b>1 714 580</b></u>	<u><b>437 978</b></u>
VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.		
<b>46.4 PAYE, SDL and UIF - [MFMA 125 (1)(b)]</b>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	16 691 987	13 785 764
Amount paid - current year	(16 691 987)	(13 785 764)
<b>Balance unpaid (included in creditors)</b>	<u>-</u>	<u>-</u>
<b>46.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</b>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	15 896 588	15 062 543
Amount paid - current year	(15 896 588)	(15 062 543)
<b>Balance unpaid (included in creditors)</b>	<u>-</u>	<u>-</u>
<b>46.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]</b>		
The following Councillors had arrear accounts for more than 90 days during the financial year.		
Councillor A Links	694	-
Councillor RJ Nutt	1 015	-
Councillor MV Cloete	-	1 969
Councillor AFK Job	-	3 731
Councillor WD Lof	-	669
Councillor NM Ngobo	-	1 337
Councillor X Tsetu	-	7 089
	<u><b>1 708</b></u>	<u><b>14 796</b></u>

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 46.7 Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation (36)(1)(a) & (b)

	Two Suppliers	Single Supplier	Sec 5.27	Emergency	Total
	R	R	R	R	R
July 17	4 509	21 053	357 701	-	383 263
August 17	140 261	59 255	346 864	-	546 380
September 17	76 236	26 053	470 660	-	572 949
October 17	109 742	68 762	807 330	-	985 834
November 17	49 459	364 094	383 500	-	797 053
December 17	39 670	2 247 302	71 403	-	2 358 375
January 18	4 594	48 811	637 093	-	690 498
February 18	41 403	38 015	362 909	-	442 327
March 18	107 828	72 995	544 055	-	724 878
April 18	129 134	3 926	680 916	-	813 976
May 18	16 764	20 882	852 007	-	889 653
June 18	2 065	12 504	6 054 235	-	6 068 804
	<b>721 665</b>	<b>2 983 652</b>	<b>11 568 673</b>	<b>-</b>	<b>15 273 990</b>

### 46.8 Regulation 45 : Particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months

				2018 R	2017 R
Entity	Employee Name	Position in service of the state	Relationship		
Meyer Kabinette	H Meyer	Accountant	Husband	209 610	27 383
F1 Traders	J Ovis	Manager Community Services	Father	15 688	-
Sunfox	M Michinon	Cashier	Daughter	15 170	-

### 47 CAPITAL COMMITMENTS

#### Commitments in respect of capital expenditure:

Approved and contracted for infrastructure	14 707 145	2 811 949
This expenditure will be financed from government grants	14 707 145	2 811 949

### 48 FINANCIAL RISK MANAGEMENT

The activities of the Municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

#### 48.1 Foreign Exchange Currency Risk

The municipality procured goods and services denominated in a foreign currency but the Rand value was determined at the time of procurement and the risk was low at the time of payment. It was for the payment of Microsoft licences and the supplier was the only provider of the product.

#### 48.2 Price risk

The Municipality is not exposed to price risk.

#### 48.3 Interest Rate Risk

Potential concentrations of interest rate risk on financial assets consist mainly of fixed deposit investments and bank and cash balances.

The Municipality is not exposed to a high level of interest rate risks on its financial liabilities. All of the Municipality's interest bearing external loan liabilities, as detailed in Appendix A, are fixed interest rate loans.

The Municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's non current borrowings for the year due to changes in interest rates were as follows:

1% (2017: 1%) Increase in interest rates	(25 230)	(88 635)
0.5% (2017: 0.5%) Decrease in interest rates	12 615	44 318

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 48.4 Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 16 and 17 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

Receivables of R4 million are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 16 and 17 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for debt impairment could be allocated between the different classes of debtors as follows:

	2018 %	2018 R	2017 %	2017 R
<u>Non-Exchange Receivables</u>				
Rates and fines	37.03%	23 953 025	18.92%	12 588 112
Long term receivables	0.56%	360 699	0.68%	325 242
	37.59%	24 313 725	19.60%	12 913 354
<u>Exchange Receivables</u>				
Service Charges	62.41%	40 371 776	80.40%	38 360 215
	62.41%	40 371 776	80.40%	38 360 215
<b>Total Provision for Debt Impairment</b>	<b>100.00%</b>	<b>64 685 501</b>	<b>100.00%</b>	<b>51 273 569</b>

The provision for debt impairment could be allocated between the different categories of debtors as follows:

	2018 %	2018 R	2017 %	2017 R
<b>Description</b>				
Water	8.24%	5 330 677	11.10%	5 296 536
Electricity	3.27%	2 113 886	2.43%	1 161 430
Rates	14.06%	9 091 594	10.71%	5 108 950
Rental	0.00%	-	0.13%	61 520
Refuse	12.60%	8 148 248	13.93%	6 644 792
Sewerage	11.52%	7 452 092	14.22%	6 786 616
Other exchange	26.35%	17 042 648	36.97%	17 640 332
Loans	0.56%	360 699	0.68%	325 242
Fines	22.92%	14 827 236	8.02%	7 390 320
Indigent debtors	0.49%	318 420	1.80%	857 830
	100.00%	64 685 501	100.00%	51 273 569

	2018 %	2018 R	2017 %	2017 R
<b>Bad debts written off per financial asset class:</b>				
Financial Instruments at amortised cost	100.00%	4 303 805	100.00%	9 724 816
	100.00%	4 303 805	100.00%	9 724 816

**Balances past due not impaired:**

<u>Non-Exchange Receivables</u>				
Rates - Note 17	22.76%	1 718 676	17.59%	1 038 226
	22.76%	1 718 676	17.59%	1 038 226
<u>Exchange Receivables</u>				
Service Charges - Note 16	77.24%	5 832 439	82.41%	4 865 443
	77.24%	5 832 439	82.41%	4 865 443
<b>Total past due not impaired</b>	<b>100.00%</b>	<b>7 551 115</b>	<b>100.00%</b>	<b>5 903 669</b>

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

As at 30 June 2018, trade receivables of R 19 098 490 (2017: R14 369 646) were fully performing. The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

Long-term Receivables, Receivables from Exchange Transactions and Receivables from Non-Exchange Transactions are individually evaluated annually at year end for impairment.

	2018 R	2017 R
Financial assets exposed to credit risk at year end are as follows:		
Long-term receivables	578 035	325 242
Receivables from exchange transactions	21 818 254	14 334 646
Receivables from non-exchange transactions	10 858 447	5 494 666
Cash and Cash Equivalents	46 452 617	4 116 056
	<b>79 707 353</b>	<b>24 270 610</b>

### 48.5 Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
<b>2018</b>				
Long Term liabilities	6 486 503	16 496 403	11 701 044	-
Payables from Exchange Transactions	30 960 466	-	-	-
	<b>37 446 969</b>	<b>16 496 403</b>	<b>11 701 044</b>	<b>-</b>
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
<b>2017</b>				
Long Term liabilities	7 094 747	17 544 195	16 462 774	-
Payables from Exchange Transactions	5 814 446	-	-	-
	<b>12 909 193</b>	<b>17 544 195</b>	<b>16 462 774</b>	<b>-</b>

## 49 FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the Municipality are classified as follows:

	2018 R	2017 R
<b>Financial instruments at amortised cost</b>		
<b>49.1 Financial Assets</b>		
Long-Term Receivables	120 333	297 998
Receivables from exchange transactions	19 098 490	14 334 646
Current Portion of Long-term Receivables	240 466	253 380
Cash and Cash Equivalents	46 452 617	4 116 056
<b>Total carrying amount of financial assets</b>	<b>65 911 906</b>	<b>19 002 080</b>
<b>Financial Liabilities</b>		
Long-term Liabilities	19 066 401	21 662 766
Payables from exchange transactions	30 960 466	8 545 987
Current Portion of Long-term Liabilities	4 962 463	4 274 868
<b>Total carrying amount of financial liabilities</b>	<b>54 989 330</b>	<b>34 483 621</b>

# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 50 STATUTORY RECEIVABLES

	2018 R	2017 R
In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:		
Taxes: VAT Receivable	1 714 580	437 979
Receivables from Non-Exchange Transactions	31 997 822	18 563 048
Rates	13 301 683	8 548 057
Fines	18 696 139	10 014 991
<b>Total statutory receivables</b>	<b>33 712 402</b>	<b>19 001 027</b>

### 51 EVENTS AFTER THE REPORTING DATE

On the 25th of July 2018 WH Nell was elected as the new executive mayor. On the 6th of August an emergency council meeting was held to remove WH Nell as executive mayor, subsequently HJ van der Hoven was elected as the new executive mayor.

### 52 IN-KIND DONATIONS AND ASSISTANCE

The Municipality did not receive any in-kind donations or assistance during the year under review.

### 53 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

### 54 CONTINGENT LIABILITIES

The municipality is not currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions.

### 55 RELATED PARTIES

#### 55.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

#### 55.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 29 to the Annual Financial Statements.

#### 55.3 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

Supplier	Employee	Relationship	Department	state	2018 R	2017 R
Meyer Kabinette	H Meyer	Husband	Finance	Accountant	209 610	27 383
F1 Traders	J Ovis	Father	Community Services	Manager	15 688	13 687
Sunfox	M Michinon	Daughter	Finance	Cashier	15 170	1 913
MAC Daries	M Michinon	Daughter	Finance	Cashier	-	6 434

### 56 EXPLANATORY NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL

#### 56.1 COMPARISON OF ACTUAL FIGURES vs. THE FINAL BUDGET

##### Current Assets:

Cash	Drought relief Grants received from Provincial government was only received in March 2018, and could not be spent by 30 June 2018.
Consumer debtors	Consumer debtors was less than the budget amount mainly due to the fact that less debt was written off than anticipated.
Other Receivables	Other receivables was more than the budget due to prepayments made at year end.
Inventory	Inventory was more the planned budget due to higher water levels than planned at year end

##### Non current assets:

Long term receivables	Outstanding arrangements at year end was more than anticipated during 2017/2018
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##### Current liabilities:

Borrowing	Short term portion of Long-term liabilities was more than the planned budget due to repayment date occurred on a weekend, according to agreement then the payment shall effect on the commencing first business day.
Trade and other Payables	Drought relief Grants received from Provincial government was only received in March 2018, and could not be spent by 30 June 2018.

##### Community Wealth

Reserves	Capital Replacement Reserve budget was adjusted to be in line with the final audited AFS 2017, and seen as more accurate figure than originally budgeted
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# MATZIKAMA MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 56.1 COMPARISON OF ACTUAL FIGURES vs. THE FINAL BUDGET

#### Statement of Financial Performance - Revenue

Service Charges - Water Revenue	The decrease in water revenue was driven by the severe drought conditions that were experienced during the financial year and water restrictions had to be implemented.
Rental of facilities and Equipment	The deviation is due to improved rental income generated.
Interest earned - external investments	The increase in the positive cash flows resulted additional interest being earned during the year.
Interest earned - Outstanding Debtors	The expected increase in interest on debtors were impacted by the decreased billing driven by the restrictions placed on water usage.
Fines	The deviation is driven by the correct GRAP accounting treatment applied to Provincial Fines.
Licences and Permits	The income generated was better than projected.
Other Revenue	Actuarial gains budgeted for did not realise as expected.
Gains on Disposal of PPE	The sale of the land for the private hospital was not finalised at year-end as per expectation. The sale of municipal houses that were put out on tender was not finalised at year-end as expected.
Transfers and subsidies - Capital	Drought relief Grants received from Provincial government was only received in March 2018, and could not be spent by 30 June 2018 therefore actual amount recognised for Capital are in line with unspent grants

#### Statement of Financial Performance - Expenditure

Finance charges	The interest calculated on the valuation rehabilitation of landfill sites provision was lesser budgeted.
Contracted services	The budget was adjusted, to be in line with actual forecasted figures during the revised budget process

#### Cash Flow Statement

##### Receipts:

Proceeds on disposal of PPE	The sale of the land for the private hospital was not finalised at year-end as per expectation. The sale of municipal houses that were put out on tender was not finalised at year-end as expected.
Interest	The budgeted amount includes interest charged on outstanding debtors which is non-cash item.

Increase/(Decrease) in Consumer Deposits	Increase in households
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##### Payments:

Capital assets	Drought relief Grants received from Provincial government was only received in March 2018, and could not be spent by 30 June 2018.
Repayment of Borrowings	Long-term liabilities repayment was less than the planned budget due to repayment date occurred on a weekend, according to agreement then the payment shall effect on the commencing first business day.

### 56.2 COMPARISON OF ADJUSTMENTS BUDGET vs. ORIGINAL BUDGET

The reasons for the variances between the approved and final budgets are mainly due to the negative effect of the severe drought, the decrease in the capital expenditure, and the reprioritising of capital projects, with the corresponding changes to funding sources.

### 57 FINANCIAL SUSTAINABILITY

Management is of the opinion that the Municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.

#### 57.1 Financial Indicators

The current ratio improved to 0.93:1 from 0.84:1 in the prior year.

The municipality has budgeted for positive cash flows during 2018/2019 and 2019/2020 amounting to R8 183 000 and R14 390 000 respectively.

#### 57.2 Other Indicators

There was no contingent liabilities as at 30 June 2018 as disclosed in note 54.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

11 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2018

Reconciliation of Carrying Value

Reconciliation of Carrying Value	COST							Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Additions	Contributing PPE	Under Construction	Transfers from	Disposals	Closing Balance	Opening Balance	Depreciation Charge	Transfers	Disposals	Impairments	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	57 012 006	-	-	722 637	-	-	57 734 643	6 765 118	406 567	-	-	-	7 171 686	50 562 957
Land	15 009 582	-	-	-	-	-	15 009 582	-	-	-	-	-	-	15 009 582
Buildings	42 002 424	-	-	722 637	-	-	42 725 061	6 765 118	406 567	-	-	-	7 171 686	35 553 375
Infrastructure	495 068 057	34 500 194	-	681 624	-	(1 495 162)	528 754 713	104 295 534	11 467 562	-	(846 313)	61 179	114 977 961	413 776 752
Storm water, Roads and Paving	137 282 477	11 200 282	-	6 068 798	-	(1 495 162)	153 056 395	24 475 244	3 385 149	-	(846 313)	-	27 014 079	126 042 316
Sewerage	188 467 628	9 365 211	-	(6 902 443)	-	-	190 930 395	23 729 445	3 419 835	-	-	-	27 149 280	163 781 115
Electricity	48 277 369	2 878 584	-	(710 716)	-	-	50 445 237	18 227 680	1 246 712	-	-	-	19 474 392	30 970 845
Water	90 570 448	9 181 525	-	2 225 985	-	-	101 977 958	20 283 202	1 320 401	-	-	-	21 603 603	80 374 355
Solid Waste Disposal	674 281	-	-	-	-	-	674 281	128 716	38 031	-	-	-	166 747	507 534
Landfill Sites	29 795 854	1 874 593	-	-	-	-	31 670 446	17 451 247	2 057 435	-	-	61 179	19 569 860	12 100 586
Community Assets	99 226 347	2 265 658	-	-	-	-	101 492 005	5 542 486	687 456	-	-	83 305	6 313 248	95 178 757
Parks and Gardens	21 439 049	-	-	-	-	-	21 439 049	112 955	30 845	-	-	-	143 800	21 295 249
Libraries	2 453 906	-	-	-	-	-	2 453 906	249 556	70 657	-	-	-	320 213	2 133 692
Recreational Facilities	45 321 711	2 265 658	-	-	-	-	47 587 369	2 599 665	331 039	-	-	-	2 930 704	44 656 665
Taxi Ranks and Parking Areas	5 252 500	-	-	-	-	-	5 252 500	107 829	10 805	-	-	-	118 634	5 133 866
Cemeteries	685 000	-	-	-	-	-	685 000	2 100	210	-	-	-	2 310	682 690
Buildings	24 074 181	-	-	-	-	-	24 074 181	2 470 382	243 899	-	-	83 305	2 797 586	21 276 595
Other Assets	29 178 903	2 034 759	7 761	-	-	(798)	31 220 624	15 452 159	1 257 616	-	(641)	-	16 709 134	14 511 491
Furniture and Office Equipment	3 961 718	595 489	-	-	-	(798)	4 556 409	2 395 068	242 926	-	(641)	-	2 637 353	1 919 056
Vehicles	22 003 207	22 900	-	-	-	-	22 026 107	11 488 310	697 816	-	-	-	12 186 127	9 839 981
Plant & Equipment	2 402 968	576 466	7 761	-	-	-	2 987 194	1 380 783	174 284	-	-	-	1 555 067	1 432 127
Computer equipment	811 010	839 904	-	-	-	-	1 650 914	187 997	142 590	-	-	-	330 587	1 320 327
	680 485 313	38 800 611	7 761	1 404 261	-	(1 495 960)	719 201 985	132 055 298	13 819 201	-	(846 954)	144 484	145 172 028	574 029 957

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018  
30 JUNE 2017 RESTATED

Reconciliation of Carrying Value

	COST							Accumulated Depreciation and Impairment Losses						Restated Carrying Value
	Restated Opening Balance	Restated Additions	Restated Contributing PPE	Under Construction	Transfers from	Disposals	Restated Closing Balance	Restated Opening Balance	Restated Depreciation Charge	Transfers	Disposals	Restated Impairments	Restated Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Land and Buildings</b>	<b>56 142 585</b>	<b>869 421</b>	-	-	-	-	<b>57 012 006</b>	<b>3 421 258</b>	<b>405 196</b>	-	-	<b>2 938 665</b>	<b>6 765 118</b>	<b>50 246 888</b>
Land	14 259 582	750 000	-	-	-	-	15 009 582	-	-	-	-	-	-	15 009 582
Buildings	41 883 003	119 421	-	-	-	-	42 002 424	3 421 258	405 196	-	-	2 938 665	6 765 118	35 237 306
<b>Infrastructure</b>	<b>456 292 696</b>	<b>14 377 101</b>	<b>18 322 928</b>	<b>7 311 802</b>	-	<b>(1 236 471)</b>	<b>495 068 057</b>	<b>93 819 975</b>	<b>11 032 901</b>	-	<b>(571 248)</b>	<b>13 906</b>	<b>104 295 534</b>	<b>390 772 523</b>
Storm water, Roads and Paving	117 276 913	11 021 780	9 783 329	-	-	(799 545)	137 282 477	21 598 489	3 235 933	-	(359 177)	-	24 475 244	112 807 234
Sewerage	175 938 788	86 202	6 368 410	6 497 867	(218 167)	(205 471)	188 467 628	20 698 193	3 124 309	-	(93 058)	-	23 729 445	164 738 183
Electricity	44 956 122	2 617 458	-	710 716	-	(6 927)	48 277 369	17 059 177	1 173 429	-	(4 926)	-	18 227 680	30 049 689
Balance Previously Reported	44 956 122	2 617 458	-	710 716	-	(6 927)	48 277 369	17 059 779	1 173 429	-	(4 926)	-	18 228 282	30 049 087
Correction of error see note - 40.01(a)	-	-	-	-	-	-	-	(602)	-	-	-	-	(602)	602
Water	88 183 867	412 905	2 171 189	27 014	-	(224 527)	90 570 448	19 104 426	1 292 863	-	(114 087)	-	20 283 202	70 287 246
Balance Previously Reported	88 183 867	412 905	2 171 189	27 014	-	(224 527)	90 570 448	19 103 587	1 292 863	-	(114 087)	-	20 282 363	70 288 085
Correction of error see note - 40.01(b)	-	-	-	-	-	-	-	839	-	-	-	-	839	(839)
Solid Waste Disposal	234 887	145 021	-	76 206	218 167	-	674 281	106 913	21 803	-	-	-	128 716	545 565
Landfill Sites	29 702 118	93 736	-	-	-	-	29 795 854	15 252 777	2 184 564	-	-	13 906	17 451 247	12 344 607
Balance Previously Reported	29 760 091	93 736	-	-	-	-	29 853 827	15 322 961	2 184 564	-	-	(18 815)	17 488 710	12 365 117
Correction of error see note - 40.01(c)	(57 973)	-	-	-	-	-	(57 973)	(70 184)	-	-	-	32 721	(37 463)	(20 510)
<b>Community Assets</b>	<b>97 807 814</b>	<b>1 418 533</b>	-	-	-	-	<b>99 226 347</b>	<b>4 895 621</b>	<b>646 865</b>	-	-	-	<b>5 542 486</b>	<b>93 683 861</b>
Parks and Gardens	21 439 049	-	-	-	-	-	21 439 049	82 109	30 845	-	-	-	112 955	21 326 094
Libraries	2 139 406	314 500	-	-	-	-	2 453 906	182 876	66 680	-	-	-	249 556	2 204 350
Recreational Facilities	44 296 308	1 025 403	-	-	-	-	45 321 711	2 304 639	295 026	-	-	-	2 599 665	42 722 046
Taxi Ranks and Parking Areas	5 252 500	-	-	-	-	-	5 252 500	97 018	10 810	-	-	-	107 829	5 144 671
Cemeteries	685 000	-	-	-	-	-	685 000	1 890	210	-	-	-	2 100	682 900
Buildings	23 995 551	78 630	-	-	-	-	24 074 181	2 227 089	243 293	-	-	-	2 470 382	21 603 799
<b>Other Assets</b>	<b>26 984 311</b>	<b>1 366 513</b>	<b>1 200 000</b>	-	-	<b>(371 921)</b>	<b>29 178 903</b>	<b>14 208 673</b>	<b>1 495 606</b>	-	<b>(252 120)</b>	-	<b>15 452 159</b>	<b>13 726 744</b>
Office Equipment	3 928 017	204 371	-	-	-	(170 670)	3 961 718	2 292 906	219 499	-	(117 337)	-	2 395 068	1 566 650
Balance Previously Reported	3 928 089	204 371	-	-	-	(170 670)	3 961 790	2 292 455	219 499	-	(117 337)	-	2 394 617	1 567 173
Correction of error see note - 40.01(d)	(73)	-	-	-	-	-	(73)	451	-	-	-	-	451	(524)
Vehicles	20 319 349	483 858	1 200 000	-	-	-	22 003 207	10 405 540	1 082 770	-	-	-	11 488 310	10 514 897
Balance Previously Reported	20 319 349	483 858	-	-	-	-	20 803 207	10 405 540	1 069 137	-	-	-	11 474 677	9 328 530
Correction of error see note - 40.01(e)	-	-	1 200 000	-	-	-	1 200 000	-	13 633	-	-	-	13 633	1 186 367
Plant & Equipment	2 238 766	322 122	-	-	-	(157 921)	2 402 968	1 341 541	154 828	-	(115 586)	-	1 380 783	1 022 184
Balance Previously Reported	2 237 783	322 122	-	-	-	(157 921)	2 401 984	1 341 022	154 828	-	(115 586)	-	1 380 264	1 021 720
Correction of error see note - 40.01(f)	983	-	-	-	-	-	983	519	-	-	-	-	519	464
Computer equipment	498 179	356 161	-	-	-	(43 330)	811 010	168 686	38 509	-	(19 198)	-	187 997	623 013
Balance Previously Reported	498 179	356 161	-	-	-	(43 330)	811 010	169 094	38 509	-	(19 198)	-	188 405	622 605
Correction of error see note - 40.01(g)	-	-	-	-	-	-	-	(408)	-	-	-	-	(408)	408
	<b>637 227 406</b>	<b>18 031 568</b>	<b>19 522 928</b>	<b>7 311 802</b>	-	<b>(1 608 392)</b>	<b>680 485 313</b>	<b>116 345 527</b>	<b>13 580 567</b>	-	<b>(823 368)</b>	<b>2 952 571</b>	<b>132 055 298</b>	<b>548 430 015</b>

**APPENDIX A - Unaudited  
MATZIKAMA MUNICIPALITY  
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2018**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2018	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2018
<b>ANNUITY LOANS</b>								
DBSA	12.27%	102857	2018	444 444	444 444	-	212 138	232 307
DBSA	6.75%	103143(2)	2018	460 537	460 537	-	137 655	322 882
DBSA	11.14%	103749	2020	6 293 503	6 293 503	-	611 877	5 681 626
DBSA	8.57%	WC12007362.1	2021	8 999 225	8 999 225	-	(327 936)	9 327 161
DBSA	8.57%	WC12007362.2	2031	674 131	674 131	-	28 228	645 903
DBSA	8.82%	1007262	2022 / 2027	8 849 618	8 849 618	-	1 030 633	7 818 985
ABSA - Capital Works 2008/2009	Prime - 2%	40-7292-9600	2018	216 175	142 599	-	142 599	-
<b>Total Annuity Loans</b>				25 937 634	25 864 058	-	1 835 195	24 028 863
<b>TOTAL EXTERNAL LOANS</b>				<b>25 937 634</b>	<b>25 864 058</b>	-	<b>1 835 195</b>	<b>24 028 863</b>

**APPENDIX B - Unaudited**  
**MATZIKAMA MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R		2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R
			<b>Governance and Administration</b>			
19 522 928	(12 339 581)	7 183 347	Executive & Council	230 831	(14 180 563)	(13 949 732)
110 968 998	(36 305 056)	74 663 942	Budget & Treasury Office	137 281 917	(35 911 496)	101 370 421
4 418 978	(16 473 428)	(12 054 449)	Corporate Services	2 857 803	(17 741 518)	(14 883 715)
			<b>Community and Public Safety</b>			
6 690 464	(12 728 334)	(6 037 871)	Community and Social Services	7 138 491	(13 060 045)	(5 921 554)
2 280 181	(6 275 619)	(3 995 437)	Sport and Recreation	2 126 070	(5 897 048)	(3 770 978)
5 801 363	(12 524 709)	(6 723 346)	Public Safety	10 812 009	(17 012 533)	(6 200 524)
300 822	(719 574)	(418 751)	Housing	867 671	(1 312 405)	(444 734)
-	-	-	Health	-	-	-
			<b>Economic and Environmental Services</b>			
519 279	(6 945 082)	(6 425 803)	Planning and Development	627 731	(8 501 514)	(7 873 784)
6 034 834	(23 823 886)	(17 789 052)	Road Transport	6 740 695	(24 697 653)	(17 956 958)
-	-	-	Environmental Protection	-	-	-
			<b>Trading Services</b>			
102 917 871	(97 186 990)	5 730 881	Electricity	100 072 268	(97 728 849)	2 343 419
17 459 386	(19 271 478)	(1 812 092)	Water	11 015 989	(17 491 713)	(6 475 724)
18 446 814	(11 913 637)	6 533 177	Waste Water Management	14 251 530	(12 762 548)	1 488 981
18 363 531	(18 368 382)	(4 851)	Waste Management	14 982 598	(22 295 024)	(7 312 426)
-	-	-		-	-	-
-	(1 302 804)	(1 302 804)	<b>Other</b>	-	(1 495 300)	(1 495 300)
313 725 449	(276 178 557)	37 546 892	Sub Total	309 005 600	(290 088 209)	18 917 392
-	-	-	Less Inter-Departmental Charges	-	-	-
313 725 449	(276 178 557)	37 546 892	<b>Total</b>	309 005 600	(290 088 209)	18 917 392

**APPENDIX C - Unaudited  
MATZIKAMA MUNICIPALITY  
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018  
MUNICIPAL VOTES CLASSIFICATIONS**

2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R		2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R
			<b>Vote 1 - Executive &amp; Council</b>			
-	(9 477 866)	(9 477 866)	1.1 - Council	-	(10 719 991)	(10 719 991)
-	-	-	1.2 - Local Economic Development	-	-	-
19 522 928	(2 861 715)	16 661 213	1.3 - Municipal Manager	230 831	(3 460 572)	(3 229 741)
-	-	-	1.4 - DMA	-	-	-
0	0	-	1.5 - Tourism	-	-	-
			<b>Vote 2 - Finance</b>			
34 601 641	(11 981 654)	22 619 988	2.1 - Equitable Share	37 359 096	(10 251 288)	27 107 808
58 282	(7 391 645)	(7 333 363)	2.2 - Expenses	54 520	(8 855 589)	(8 801 069)
30 029 742	(8 273 151)	21 756 591	2.3 - Finance	41 948 546	(7 612 254)	34 336 292
3 161 708	(8 356 694)	(5 194 987)	2.4 - Income	2 834 827	(9 046 265)	(6 211 438)
43 098 812	(301 912)	42 796 900	2.5 - Taxes	45 380 023	(62 796)	45 317 226
			<b>Vote 3 - Corporate</b>			
117 743	(3 320 749)	(3 203 006)	3.1 - Corporate	194 588	(3 291 283)	(3 096 696)
3 537 307	(9 365 450)	(5 828 144)	3.2 - Human Resources	1 313 191	(10 303 437)	(8 990 246)
-	-	-	3.3 - Property Management	-	-	-
-	(1 872 435)	(1 872 435)	3.4 - I.T	-	(1 735 276)	(1 735 276)
-	-	-	3.5 - Town Planning	-	-	-
-	-	-	3.6 - Libraries	-	-	-
			<b>Vote 4 - Community Development</b>			
522 854	(6 681 561)	(6 158 707)	4.1 - Community Halls	623 014	(6 615 383)	(5 992 369)
265 246	(277 820)	(12 574)	4.2 - Cemeteries	17 311	(250 595)	(233 284)
300 822	(719 574)	(418 752)	4.3 - Housing	867 671	(1 312 405)	(444 734)
5 801 362	(12 533 716)	(6 732 354)	4.4 - Traffic	10 812 009	(17 012 533)	(6 200 524)
4 523 958	(1 696 818)	2 827 139	4.5 - Vehicle Licencing	5 232 168	(1 972 126)	3 260 041
104 177	(3 722 323)	(3 618 146)	4.6 - Sport and Recreation Vredendal	1 616 331	(3 190 743)	(1 574 412)
18 363 531	(12 747 775)	5 615 756	4.7 - Refuse Removal Vredendal	19 256 797	(15 247 848)	4 008 949
-	(2 918 224)	(2 918 224)	4.8 - Street Cleansing Vredendal	-	(3 342 600)	(3 342 600)
2 176 005	(970 261)	1 205 743	4.9 - Resorts	509 739	(1 149 006)	(639 267)
5 879 186	(5 762 628)	116 559	4.10 - Libraries	6 258 735	(6 189 294)	69 441
118 807	(3 790 847)	(3 672 040)	4.11 - Local Economic Development	343 800	(4 507 770)	(4 163 970)
782 744	(1 914 794)	(1 132 050)	4.12 - Property Management	1 350 024	(2 494 827)	(1 144 803)
400 472	(3 154 235)	(2 753 763)	4.13 - Town Planning	283 931	(4 020 875)	(3 736 945)
-	(1 302 804)	(1 302 804)	4.14 - Tourism	-	(1 468 169)	(1 468 169)
			<b>Vote 5 - Infrastructure Services</b>			
23 178	(6 325)	16 852	5.1 - Cemeteries Outside Towns	239 432	(4 773)	234 659
-	(1 583 035)	(1 583 035)	5.2 - Sport and Recreation Outside Towns	-	(1 557 299)	(1 557 299)
-	-	-	5.3 - Resorts	-	-	-
-	-	-	5.4 - Refuse Removal Outside Towns	-	-	-
18 446 814	(11 913 637)	6 533 177	5.5 - Sewerage	19 304 490	(12 762 548)	6 541 941
1 510 876	(22 118 060)	(20 607 184)	5.6 - Roads	1 508 527	(22 725 527)	(21 217 000)
-	(2 702 384)	(2 702 384)	5.7 - Steet Cleancing Outside Towns	-	(3 704 577)	(3 704 577)
17 459 386	(19 271 478)	(1 812 092)	5.8 - Water Distributions	11 270 167	(17 491 713)	(6 221 546)
102 917 871	(97 186 990)	5 730 881	5.9 - Electricity Distributions	100 195 836	(97 728 849)	2 466 987
313 725 448	(276 178 556)	37 546 892	Sub Total	309 005 600	(290 088 209)	18 917 392
-	-	-	Less Inter-Departmental Charges	-	-	-
313 725 448	(276 178 556)	37 546 892	<b>Total</b>	309 005 600	(290 088 209)	18 917 392

**APPENDIX D - Unaudited  
MATZIKAMA MUNICIPALITY  
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 JULY 2017 R	Contributions during the year R	Correction of error	Operating Expenditure during the year Transferred to Revenue R	Capital Expenditure during the year Transferred to Revenue R	Repaid to National/Provincial Revenue fund R	Balance 30 JUNE 2018 R	Unspent 30 JUNE 2018 (Creditor) R	Unpaid 30 JUNE 2018 (Debtor) R
<b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>									
<b><u>National Government Grants</u></b>									
Equitable Share	-	47 561 000	-	47 561 000	-	-	-	-	-
Department of Mineral Resources	(810 154)	3 000 000	-	-	2 189 846	-	-	-	-
Financial Management Grant	-	1 550 000	-	1 550 000	-	-	-	-	-
Municipal Infrastructure Grant	-	21 614 000	-	-	21 614 000	-	-	-	-
Expanded Public Works Programme	-	1 406 000	-	1 406 000	-	-	-	-	-
Municipal Water Infrastructure Grant	-	10 000 000	-	-	10 000 000	-	-	-	-
<b>Total National Government Grants</b>	<b>(810 154)</b>	<b>85 131 000</b>	<b>-</b>	<b>50 517 000</b>	<b>33 803 846</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Provincial Government Grants</u></b>									
Community Development Workers	-	111 000	-	111 000	-	-	-	-	-
Library Services	-	6 246 000	-	6 178 585	67 415	-	-	-	-
Western Cape Financial Management Support Grant	-	530 000	-	530 000	-	-	-	-	-
Public Transport Infrastructure	-	65 000	-	65 000	-	-	-	-	-
Municipal Capacity Building Grant	57 900	240 000	-	178 204	-	-	119 696	119 696	-
Municipal Service Delivery and Capacity Building Grant	703 914	250 000	-	680 056	-	(120 727)	153 130	153 130	-
Thusong services centres operational grant	-	100 000	-	65 000	-	-	35 000	35 000	-
Human Settlements	898 000	3 696 753	-	562 486	-	-	4 032 267	4 032 267	-
Municipal Drought Relief Grant	-	12 720 000	-	-	1 437 897	-	11 282 103	11 282 103	-
Municipal Disaster Recovery Grant	-	7 627 000	-	-	549 228	-	7 077 772	7 077 772	-
Transport, Education and Training SETA	-	166 132	-	166 132	-	-	-	-	-
<b>Total Provincial Government Grants</b>	<b>1 659 814</b>	<b>31 751 885</b>	<b>-</b>	<b>8 536 464</b>	<b>2 054 540</b>	<b>(120 727)</b>	<b>22 699 967</b>	<b>22 699 967</b>	<b>-</b>
<b>TOTAL GOVERNMENT GRANTS</b>	<b>849 660</b>	<b>116 882 885</b>	<b>-</b>	<b>59 053 464</b>	<b>35 858 386</b>	<b>(120 727)</b>	<b>22 699 967</b>	<b>22 699 967</b>	<b>-</b>
<b>TOTAL</b>	<b>849 660</b>	<b>116 882 885</b>	<b>-</b>	<b>59 053 464</b>	<b>35 858 386</b>	<b>(120 727)</b>	<b>22 699 967</b>	<b>22 699 967</b>	<b>-</b>

**MATZIKAMA MUNICIPALITY - Reconciliation of Table A1 Budget Summary - Unaudited**

Description	2017/2018								2016/2017			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28 )	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>R thousands</b>												
<b>Financial Performance</b>												
Property rates	46 632	651	47 283	44 727		(2 556)	94.6%	95.9%				42 530
Service charges	159 814	(2 186)	157 628	140 281		(17 347)	89.0%	87.8%				147 352
Investment revenue	1 550	–	1 550	2 498		948	161.1%	161.1%				1 701
Transfers recognised - operational	57 074	3 282	60 356	59 053		(1 303)	97.8%	103.5%				54 632
Other own revenue	26 271	6 109	32 381	26 581		(5 800)	82.1%	101.2%				23 285
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>291 341</b>	<b>7 856</b>	<b>299 197</b>	<b>273 139</b>		<b>(26 058)</b>	<b>91.3%</b>	<b>93.8%</b>				<b>269 501</b>
Employee costs	112 749	(716)	112 032	111 255	–	(777)	99.3%	98.7%	–	–	–	102 679
Remuneration of councillors	6 605	134	6 739	6 839	–	100	101.5%	103.5%	–	–	–	6 100
Debt impairment	10 700	4 900	15 600	17 675	–	2 075	113.3%	165.2%	–	–	–	15 599
Depreciation & asset impairment	14 822	690	15 512	13 953	–	(1 559)	90.0%	94.1%	–	–	–	13 636
Finance charges	10 159	111	10 270	8 242	–	(2 027)	80.3%	81.1%	–	–	–	7 817
Materials and bulk purchases	90 281	7 852	98 134	96 141	–	(1 993)	98.0%	106.5%	–	–	–	90 355
Transfers and grants	1 132	387	1 519	1 428	–	(91)	94.0%	126.1%	–	–	–	1 027
Other expenditure	44 881	(5 527)	39 354	34 553	–	(4 800)	87.8%	77.0%	–	–	–	38 964
<b>Total Expenditure</b>	<b>291 329</b>	<b>7 831</b>	<b>299 160</b>	<b>290 088</b>	<b>–</b>	<b>(9 071)</b>	<b>97.0%</b>	<b>99.6%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>276 179</b>
<b>Surplus/(Deficit)</b>	<b>12</b>	<b>25</b>	<b>38</b>	<b>(16 949)</b>		<b>(16 986)</b>	<b>-45007.8%</b>	<b>-136373.2%</b>				<b>(6 678)</b>
Transfers recognised - capital	34 819	15 748	50 567	35 858		(14 709)	70.9%	103.0%				24 702
Contributions recognised - capital & contributed assets	3 700	(3 700)	–	8		8	0.0%	0.2%				19 523
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>38 531</b>	<b>12 073</b>	<b>50 605</b>	<b>18 917</b>		<b>(31 687)</b>	<b>37.4%</b>	<b>49.1%</b>				<b>37 547</b>
Share of surplus/ (deficit) of associate	–	–	–	–		–	0.0%	0.0%				–
<b>Surplus/(Deficit) for the year</b>	<b>38 531</b>	<b>12 073</b>	<b>50 605</b>	<b>18 917</b>		<b>(31 687)</b>	<b>37.4%</b>	<b>49.1%</b>				<b>37 547</b>
<b>Capital expenditure &amp; funds sources</b>												
<b>Capital expenditure</b>												
Transfers recognised - capital	34 819	15 748	50 567	31 475		(19 092)	62.2%	90.4%				21 733
Public contributions & donations	3 700	(3 700)	–	–		–	0.0%	0.0%				–
Borrowing	–	–	–	–		–	0.0%	0.0%				–
Internally generated funds	9 190	2 440	11 630	9 179		(2 451)	78.9%	99.9%				3 516
<b>Total sources of capital funds</b>	<b>47 709</b>	<b>14 488</b>	<b>62 197</b>	<b>40 655</b>		<b>(21 543)</b>	<b>65.4%</b>	<b>85.2%</b>				<b>25 250</b>
<b>Cash flows</b>												
Net cash from (used) operating	42 929	27 977	70 906	83 392		12 485	117.6%	194.3%				22 210
Net cash from (used) investing	(40 035)	(11 388)	(51 423)	(39 500)		11 924	76.8%	98.7%				(24 757)
Net cash from (used) financing	(4 938)	1 025	(3 913)	(1 555)		2 357	39.8%	31.5%				(3 848)
<b>Cash/cash equivalents at the year end</b>	<b>8 467</b>	<b>11 219</b>	<b>19 686</b>	<b>46 453</b>		<b>26 767</b>	<b>236.0%</b>	<b>548.6%</b>				<b>4 116</b>

**MATZIKAMA MUNICIPALITY - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification) - Unaudited**

Description	2017/2018								2016/2017			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue - Functional</b>												
<b>Governance and administration</b>	147 244	23 635	170 880	140 371		(30 509)	82.1%	95.3%				134 911
Executive and council	–	250	250	231		(19)	92.3%	#DIV/0!				19 523
Finance and administration	147 244	23 385	170 630	140 140		(30 490)	82.1%	95.2%				110 969
Internal audit	–	–	–	–		–	0.0%	0.0%				4 419
<b>Community and public safety</b>	9 832	1 695	11 527	10 132		(1 395)	87.9%	103.0%				15 073
Community and social services	6 936	100	7 036	7 138		102	101.5%	102.9%				6 690
Sport and recreation	2 569	–	2 569	2 126		(443)	82.7%	82.7%				2 280
Public safety	–	–	–	–		–	0.0%	0.0%				5 801
Housing	327	1 595	1 922	868		(1 054)	45.2%	265.4%				301
Health	–	–	–	–		–	0.0%	0.0%				–
<b>Economic and environmental services</b>	12 920	(3 240)	9 680	18 180		8 501	187.8%	140.7%				6 554
Planning and development	4 193	(3 240)	953	628		(325)	65.9%	15.0%				519
Road transport	8 727	–	8 727	17 553		8 826	201.1%	201.1%				6 035
Environmental protection	–	–	–	–		–	0.0%	0.0%				–
<b>Trading services</b>	159 864	(2 186)	157 678	140 322		(17 356)	89.0%	87.8%				157 188
Energy sources	110 459	74	110 533	100 072		(10 461)	90.5%	90.6%				102 918
Water management	18 498	(1 960)	16 538	11 016		(5 522)	66.6%	59.6%				17 459
Waste water management	15 268	(150)	15 118	14 252		(866)	94.3%	93.3%				18 447
Waste management	15 640	(150)	15 490	14 983		(507)	96.7%	95.8%				18 364
<b>Other</b>	–	–	–	–		–	0.0%	0.0%				–
<b>Total Revenue - Standard</b>	<b>329 860</b>	<b>19 904</b>	<b>349 764</b>	<b>309 006</b>		<b>(40 759)</b>	<b>88.3%</b>	<b>93.7%</b>				<b>313 725</b>
<b>Expenditure - Functional</b>												
<b>Governance and administration</b>	68 592	7 503	76 095	67 834	–	(8 262)	89.1%	98.9%	–	–	–	65 118
Executive and council	13 915	1 165	15 080	14 181	–	(900)	94.0%	101.9%	–	–	–	12 340
Finance and administration	54 677	6 338	61 015	53 653	–	(7 362)	87.9%	98.1%	–	–	–	36 305
Internal audit	–	–	–	–	–	–	0.0%	0.0%	–	–	–	16 473
<b>Community and public safety</b>	22 514	672	23 186	20 269	–	(2 917)	87.4%	90.0%	–	–	–	32 248
Community and social services	14 627	(897)	13 730	13 060	–	(670)	95.1%	89.3%	–	–	–	12 728
Sport and recreation	7 039	(142)	6 898	5 897	–	(1 001)	85.5%	83.8%	–	–	–	6 276
Public safety	–	–	–	–	–	–	0.0%	0.0%	–	–	–	12 525
Housing	848	1 710	2 558	1 312	–	(1 246)	51.3%	154.8%	–	–	–	720
Health	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
<b>Economic and environmental services</b>	46 522	(774)	45 748	50 212	–	4 464	109.8%	107.9%	–	–	–	30 750
Planning and development	10 253	(436)	9 817	8 502	–	(1 315)	86.6%	82.9%	–	–	–	6 945
Road transport	36 269	(338)	35 931	41 710	–	5 779	116.1%	115.0%	–	–	–	23 805
Environmental protection	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
<b>Trading services</b>	152 201	414	152 614	150 278	–	(2 336)	98.5%	98.7%	–	–	–	146 759
Energy sources	98 422	29	98 452	97 729	–	(723)	99.3%	99.3%	–	–	–	97 187
Water management	19 311	(551)	18 760	17 492	–	(1 268)	93.2%	90.6%	–	–	–	19 271
Waste water management	12 048	363	12 412	12 763	–	351	102.8%	105.9%	–	–	–	11 914
Waste management	22 418	572	22 991	22 295	–	(696)	97.0%	99.4%	–	–	–	18 387
<b>Other</b>	1 500	16	1 516	1 495	–	(21)	98.6%	99.7%	–	–	–	1 303
<b>Total Expenditure - Standard</b>	<b>291 329</b>	<b>7 831</b>	<b>299 160</b>	<b>290 088</b>	–	<b>(9 071)</b>	<b>97.0%</b>	<b>99.6%</b>	–	–	–	<b>276 179</b>
<b>Surplus/(Deficit) for the year</b>	<b>38 531</b>	<b>12 073</b>	<b>50 605</b>	<b>18 917</b>	–	<b>(31 687)</b>	<b>37.4%</b>	<b>49.1%</b>	–	–	–	<b>37 547</b>

**MATZIKAMA MUNICIPALITY - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote) - Unaudited**

Vote Description  R thousand	2017/2018								2016/2017			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue by Vote</b>												
Vote 1 - Executive & Council		250	250	231		(19)	92.3%	#DIV/0!				19 859
Vote 2 - Finance	129 254	16 088	145 342	127 577		(17 765)	87.8%	98.7%				110 614
Vote 3 - Corporate	328	4 007	4 335	1 508		(2 827)	34.8%	460.2%				3 655
Vote 4 - Community Development	36 525	14 350	50 875	47 172		(3 703)	92.7%	129.1%				37 937
Vote 5 - Infrastructure Services	150 959	(1 996)	148 963	132 518		(16 444)	89.0%	87.8%				140 358
Vote 6 - Development and Townplanning Services	12 795	(12 795)	–	–		–	0.0%	0.0%				1 302
<b>Total Revenue by Vote</b>	<b>329 860</b>	<b>19 904</b>	<b>349 764</b>	<b>309 006</b>		<b>(40 759)</b>	<b>88.3%</b>	<b>93.7%</b>				<b>313 725</b>
<b>Expenditure by Vote to be appropriated</b>												
Vote 1 - Executive & Council	13 915	1 165	15 080	14 181	(900)	(900)	94.0%	101.9%	–	–	–	12 340
Vote 2 - Finance	35 966	5 163	41 129	35 828	(5 301)	(5 301)	87.1%	99.6%	–	–	–	36 305
Vote 3 - Corporate	16 064	1 613	17 677	15 330	(2 347)	(2 347)	86.7%	95.4%	–	–	–	14 559
Vote 4 - Community Development	52 715	14 031	66 746	68 774	2 028	2 028	103.0%	130.5%	–	–	–	48 026
Vote 5 - Infrastructure Services	158 269	257	158 526	155 975	(2 551)	(2 551)	98.4%	98.6%	–	–	–	154 786
Vote 6 - Development and Townplanning Services	14 399	(14 399)	–	–	–	–	0.0%	0.0%	–	–	–	10 163
<b>Total Expenditure by Vote</b>	<b>291 329</b>	<b>7 831</b>	<b>299 160</b>	<b>290 088</b>	<b>(9 071)</b>	<b>(9 071)</b>	<b>97.0%</b>	<b>99.6%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>276 178</b>
<b>Surplus/(Deficit) for the year</b>	<b>38 531</b>	<b>12 073</b>	<b>50 605</b>	<b>18 917</b>		<b>(31 687)</b>	<b>37.4%</b>	<b>49.1%</b>				<b>37 547</b>

**MATZIKAMA MUNICIPALITY - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure) - Unaudited**

Description	2017/2018								2016/2017			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue By Source</b>												
Property rates	46 632	651	47 283	44 727		(2 556)	94.6%	95.9%				42 530
Service charges - electricity revenue	110 459	74	110 533	100 072		(10 461)	90.5%	90.6%				102 379
Service charges - water revenue	18 498	(1 960)	16 538	11 016		(5 522)	66.6%	59.6%				16 952
Service charges - sanitation revenue	15 268	(150)	15 118	14 252		(866)	94.3%	93.3%				13 740
Service charges - refuse revenue	15 590	(150)	15 440	14 941		(498)	96.8%	95.8%				14 281
Service charges - other	–	–	–	–		–	0.0%	0.0%				–
Rental of facilities and equipment	4 066	(2 633)	1 432	1 597		164	111.5%	39.3%				3 621
Interest earned - external investments	1 550	–	1 550	2 498		948	161.1%	161.1%				1 701
Interest earned - outstanding debtors	3 100	(651)	2 449	2 835		386	115.7%	91.4%				3 162
Dividends received	–	–	–	–		–	0.0%	0.0%				–
Fines, penalties and forfeits	2 463	–	2 463	10 835		8 372	439.9%	439.9%				5 825
Licences and permits	1 071	(1)	1 070	1 302		232	121.7%	121.6%				1 164
Agency services	3 071	–	3 071	3 285		214	107.0%	107.0%				2 740
Transfers and subsidies	57 074	3 282	60 356	59 053		(1 303)	97.8%	103.5%				54 632
Other revenue	4 827	6 294	11 122	6 241		(4 881)	56.1%	129.3%				6 773
Gains on disposal of PPE	7 674	3 100	10 774	486		(10 287)	4.5%	6.3%				–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>291 341</b>	<b>7 856</b>	<b>299 197</b>	<b>273 139</b>		<b>(26 058)</b>	<b>1658.2%</b>	<b>1634.7%</b>				<b>269 501</b>
<b>Expenditure By Type</b>												
Employee related costs	112 749	(716)	112 032	111 255	–	(777)	99.3%	98.7%	–	–	–	102 679
Remuneration of councillors	6 605	134	6 739	6 839	–	100	101.5%	103.5%	–	–	–	6 100
Debt impairment	10 700	4 900	15 600	17 675	–	2 075	113.3%	165.2%	–	–	–	15 599
Depreciation & asset impairment	14 822	690	15 512	13 953	–	(1 559)	90.0%	94.1%	–	–	–	13 636
Finance charges	10 159	111	10 270	8 242	–	(2 027)	80.3%	81.1%	–	–	–	7 817
Bulk purchases	90 281	(1 320)	88 961	87 612	–	(1 349)	98.5%	97.0%	–	–	–	90 355
Other materials	–	9 172	9 172	8 529	–	(643)	93.0%	0.0%	–	–	–	–
Contracted services	64	10 483	10 546	7 748	–	(2 798)	73.5%	12159.1%	–	–	–	–
Transfers and subsidies	1 132	387	1 519	1 428	–	(91)	94.0%	126.1%	–	–	–	1 027
Other expenditure	44 817	(16 010)	28 807	26 157	–	(2 651)	90.8%	58.4%	–	–	–	37 583
Loss on disposal of PPE	–	–	–	649	–	649	0.0%	0.0%	–	–	–	1 382
<b>Total Expenditure</b>	<b>291 329</b>	<b>7 831</b>	<b>299 160</b>	<b>290 088</b>	<b>–</b>	<b>(9 071)</b>	<b>934.0%</b>	<b>12983.3%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>276 179</b>
<b>Surplus/(Deficit)</b>	<b>12</b>	<b>25</b>	<b>38</b>	<b>(16 949)</b>	<b>–</b>	<b>(16 986)</b>	<b>-45007.8%</b>	<b>-136373.2%</b>				<b>(6 678)</b>
Transfers and subsidies - capital (monetary allocations)	34 819	15 748	50 567	35 858		(14 709)	70.9%	0.0%				24 702
Transfers and subsidies - capital (monetary allocations)	3 700	(3 700)	–	–		–	0.0%	0.0%				–
Transfers and subsidies - capital (in-kind - all)	–	–	–	8		8	0.0%	0.0%				19 523
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>38 531</b>	<b>12 073</b>	<b>50 605</b>	<b>18 917</b>		<b>(31 687)</b>	<b>37.4%</b>	<b>49.1%</b>				<b>37 547</b>
Taxation	–	–	–	–		–	0.0%	0.0%				–
<b>Surplus/(Deficit) after taxation</b>	<b>38 531</b>	<b>12 073</b>	<b>50 605</b>	<b>18 917</b>		<b>(31 687)</b>	<b>37.4%</b>	<b>49.1%</b>				<b>37 547</b>
Attributable to minorities	–	–	–	–		–	0.0%	0.0%				–
<b>Surplus/(Deficit) attributable to municipality</b>	<b>38 531</b>	<b>12 073</b>	<b>50 605</b>	<b>18 917</b>		<b>(31 687)</b>	<b>37.4%</b>	<b>49.1%</b>				<b>37 547</b>
Share of surplus/ (deficit) of associate	–	–	–	–		–	0.0%	0.0%				–
<b>Surplus/(Deficit) for the year</b>	<b>38 531</b>	<b>12 073</b>	<b>50 605</b>	<b>18 917</b>		<b>(31 687)</b>	<b>37.4%</b>	<b>49.1%</b>				<b>37 547</b>

**MATZIKAMA MUNICIPALITY - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding - Unaudited**

Vote Description  R thousand	2017/2018								2016/2017			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Capital expenditure - Vote</b>												
<b>Multi-year expenditure</b>												
Vote 1 - Executive & Council	650	100	750	660	–	(90)	88%	101%	–	–	–	125
Vote 2 - Finance	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 3 - Corporate	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 4 - Community Development	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 5 - Infrastructure Services	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 6 - Development and Townplanning Services	–	–	–	–	–	–	0%	0%	–	–	–	–
<b>Capital multi-year expenditure</b>	<b>650</b>	<b>100</b>	<b>750</b>	<b>660</b>	<b>–</b>	<b>(90)</b>	<b>88%</b>	<b>101%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>125</b>
<b>Single-year expenditure</b>												
Vote 1 - Executive & Council	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 2 - Finance	6	154	160	65	–	(95)	41%	1082%	–	–	–	129
Vote 3 - Corporate	1 266	96	1 362	1 276	–	(85)	94%	101%	–	–	–	176
Vote 4 - Community Development	2 526	241	2 768	1 585	–	(1 182)	57%	63%	–	–	–	1 744
Vote 5 - Infrastructure Services	43 261	13 897	57 158	37 068	–	(20 090)	65%	86%	–	–	–	22 359
Vote 6 - Development and Townplanning Services	105	(105)	–	–	–	–	0%	0%	–	–	–	811
<b>Capital single-year expenditure</b>	<b>47 164</b>	<b>14 283</b>	<b>61 447</b>	<b>39 995</b>	<b>–</b>	<b>(21 452)</b>	<b>65%</b>	<b>85%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>25 218</b>
<b>Total Capital Expenditure - Vote</b>	<b>47 814</b>	<b>14 383</b>	<b>62 197</b>	<b>40 655</b>	<b>–</b>	<b>(21 543)</b>	<b>65%</b>	<b>85%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>25 343</b>
<b>Capital Expenditure - Functional</b>												
<b>Governance and administration</b>	<b>2 022</b>	<b>350</b>	<b>2 371</b>	<b>2 090</b>	<b>–</b>	<b>(281)</b>	<b>88%</b>	<b>103%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>430</b>
Executive and council	650	100	750	660	–	(90)	88%	101%	–	–	–	125
Finance and administration	1 372	250	1 621	1 431	–	(191)	88%	104%	–	–	–	129
Internal audit	–	–	–	–	–	–	0%	0%	–	–	–	176
<b>Community and public safety</b>	<b>8 046</b>	<b>(4 607)</b>	<b>3 439</b>	<b>2 743</b>	<b>–</b>	<b>(696)</b>	<b>80%</b>	<b>34%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 700</b>
Community and social services	825	(380)	445	346	–	(99)	78%	42%	–	–	–	472
Sport and recreation	7 221	(4 227)	2 994	2 397	–	(597)	80%	33%	–	–	–	1 229
Public safety	–	–	–	–	–	–	0%	0%	–	–	–	–
Housing	–	–	–	–	–	–	0%	0%	–	–	–	–
Health	–	–	–	–	–	–	0%	0%	–	–	–	–
<b>Economic and environmental services</b>	<b>21 171</b>	<b>(344)</b>	<b>20 828</b>	<b>17 337</b>	<b>–</b>	<b>(3 491)</b>	<b>83%</b>	<b>82%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>11 912</b>
Planning and development	50	–	50	42	–	(8)	83%	83%	–	–	–	811
Road transport	21 121	(344)	20 778	17 296	–	(3 482)	83%	82%	–	–	–	11 102
Environmental protection	–	–	–	–	–	–	0%	0%	–	–	–	–
<b>Trading services</b>	<b>16 470</b>	<b>19 089</b>	<b>35 559</b>	<b>18 484</b>	<b>–</b>	<b>(17 075)</b>	<b>52%</b>	<b>112%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>11 300</b>
Energy sources	3 150	(810)	2 340	1 950	–	(390)	83%	62%	–	–	–	3 627
Water management	12 170	17 051	29 221	11 772	–	(17 449)	40%	97%	–	–	–	760
Waste water management	750	2 238	2 988	2 740	–	(248)	92%	365%	–	–	–	6 584
Waste management	400	610	1 010	2 022	–	1 012	200%	505%	–	–	–	329
<b>Other</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0%</b>	<b>0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Capital Expenditure - Standard</b>	<b>47 709</b>	<b>14 488</b>	<b>62 197</b>	<b>40 655</b>	<b>–</b>	<b>(21 543)</b>	<b>65%</b>	<b>85%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>25 343</b>
<b>Funded by:</b>												
National Government	34 614	6 817	41 431	30 162	–	(11 269)	73%	87%	–	–	–	21 088
Provincial Government	205	8 931	9 136	1 314	–	(7 823)	14%	641%	–	–	–	645
District Municipality	–	–	–	–	–	–	0%	0%	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	0%	0%	–	–	–	–
<b>Transfers recognised - capital</b>	<b>34 819</b>	<b>15 748</b>	<b>50 567</b>	<b>31 475</b>	<b>–</b>	<b>(19 092)</b>	<b>62%</b>	<b>90%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>21 733</b>
<b>Public contributions &amp; donations</b>	<b>3 700</b>	<b>(3 700)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0%</b>	<b>0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Borrowing</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0%</b>	<b>0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Internally generated funds</b>	<b>9 190</b>	<b>2 440</b>	<b>11 630</b>	<b>9 179</b>	<b>–</b>	<b>(2 451)</b>	<b>79%</b>	<b>100%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3 610</b>
<b>Total Capital Funding</b>	<b>47 709</b>	<b>14 488</b>	<b>62 197</b>	<b>40 655</b>	<b>–</b>	<b>(21 543)</b>	<b>65%</b>	<b>85%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>25 343</b>

**MATZIKAMA MUNICIPALITY - Reconciliation of Table A7 Budgeted Cash Flows - Unaudited**

Description	2017/2018							2016/17
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates, peanalties and collection charges	42 435	1 094	43 529	43 251	(278)	99.4%	101.9%	42 530
Service charges	144 326	1 812	146 138	137 649	(8 490)	94.2%	95.4%	152 903
Other revenue	19 198	(5 540)	13 658	18 003	4 345	131.8%	93.8%	10 734
Government - operating	57 074	1 743	58 817	58 427	(390)	99.3%	102.4%	55 427
Government - capital	34 819	22 437	57 256	58 066	810	101.4%	166.8%	23 946
Interest	4 340	104	4 444	5 209	765	117.2%	120.0%	4 862
Dividends	–	–	–	–	–	0.0%	0.0%	–
<b>Payments</b>								
Suppliers and employees	(254 514)	5 878	(248 637)	(233 128)	15 509	93.8%	91.6%	(264 008)
Finance charges	(3 616)	797	(2 820)	(2 649)	171	93.9%	73.2%	(3 156)
Transfers and Grants	(1 132)	(346)	(1 478)	(1 436)	42	97.2%	126.9%	(1 027)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>42 929</b>	<b>27 977</b>	<b>70 906</b>	<b>83 392</b>	<b>12 485</b>	<b>0.0%</b>	<b>0.0%</b>	<b>22 210</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	7 674	3 100	10 774	1 204	(9 569)	11.2%	15.7%	553
Decrease (Increase) in non-current debtors	–	–	–	(42)	(42)	0.0%	0.0%	34
Decrease (increase) other non-current receivables	–	–	–	–	–	#DIV/0!	#DIV/0!	–
Decrease (increase) in non-current investments	–	–	–	–	–	0.0%	0.0%	–
<b>Payments</b>								
Capital assets	(47 709)	(14 488)	(62 197)	(40 662)	21 535	65.4%	85.2%	(25 343)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(40 035)</b>	<b>(11 388)</b>	<b>(51 423)</b>	<b>(39 500)</b>	<b>11 924</b>	<b>0.0%</b>	<b>0.0%</b>	<b>(24 757)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short term loans	–	–	–	–	–	0.0%	0.0%	–
Borrowing long term/refinancing	–	–	–	–	–	0.0%	0.0%	–
Increase (decrease) in consumer deposits	263	99	362	280	(82)	77.3%	106.3%	340
<b>Payments</b>								
Repayment of borrowing	(5 201)	926	(4 275)	(1 835)	2 440	42.9%	35.3%	(4 188)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(4 938)</b>	<b>1 025</b>	<b>(3 913)</b>	<b>(1 555)</b>	<b>2 357</b>	<b>39.8%</b>	<b>31.5%</b>	<b>(3 848)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(2 044)</b>	<b>17 614</b>	<b>15 570</b>	<b>42 337</b>				<b>(6 394)</b>
Cash/cash equivalents at the year begin:	10 511	(6 394)	4 116	4 116				10 511
Cash/cash equivalents at the year end:	8 467	11 219	19 686	46 453	–	236.0%	548.6%	4 116

# Report of the auditor-general to Western Cape Provincial Parliament and council on Matzikama Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Matzikama Municipality set out on pages 9 to 62, which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Matzikama Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (DoRA).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### Restatement of corresponding figures

7. As disclosed in note 40 to the financial statements, the corresponding figures for 30 June 2017 were restated as a result of errors and municipal standard chart of accounts (mSCOA) related reclassifications discovered during the 2017-18 financial year in the financial statements of the municipality at, and for the year ended, 30 June 2018.

## **Material impairments**

8. As disclosed in note 16 to the financial statements, the municipality has provided for impairment of receivables from exchange transactions amounting to R59,4 million.
9. As disclosed in note 17 to the financial statements, the municipality has provided for impairment of receivables from exchange transactions amounting to R33,8 million.

## **Other matters**

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## **Unaudited supplementary schedules**

11. The supplementary information set out on pages 63 to 72 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

## **Unaudited disclosure notes**

12. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

## **Responsibilities of the accounting officer for the financial statements**

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

## **Auditor-general's responsibilities for the audit of the financial statements**

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

### Introduction and scope

17. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected strategic objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
18. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
19. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2018:

Strategic objectives	Pages in the annual performance report
Strategic objective 5 – Provide municipal basic services to meet demands of growing populations	9 - 13

20. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

### Strategic objective 5 – Provide municipal basic services to meet demands of growing populations

21. I did not raise any material findings on the usefulness and reliability of the reported performance information for this strategic objective.

### Other matters

22. I draw attention to the matters below.

### Achievement of planned targets

23. Refer to the annual performance report on pages 9 to 13 for information on the achievement of planned targets for the year.

## **Adjustment of material misstatements**

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of strategic objective 5 – Provide municipal basic services to meet demands of growing populations. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

25. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
26. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

## **Other information**

27. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.
28. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
29. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
30. I have nothing to report in this regard.

## Internal control deficiencies

31. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

*Auditor-General*

Cape Town

30 November 2018



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure – Auditor-general’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the municipality’s compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control.
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
  - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Matzikama Municipality’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease continuing as a going concern.
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.